

<b>REQUEST FOR COUNCIL ACTION</b> CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Debt Management		DATE: 10/08/2013	
SUBJECT: Annual Master Lease Agreement to Fund Vehicles and Equipment.					
PRIMARY CONTACT (NAME, PHONE): Jyothi Pantulu, 619-236-6917			SECONDARY CONTACT (NAME, PHONE): Dave Onate, 619-236-6946		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE): No budget impact in FY 2014. Lease payments would begin in FY 2015. Funds will be appropriated through the FY 2015 budget process.					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY		APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis		ORIG DEPT.		Kommi, Lakshmi	10/10/2013
Financial Management		CFO			
Comptroller		DEPUTY CHIEF			
Liaison Office		COO			
Equal Opportunity Contracting		CITY ATTORNEY		Will, Brant	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:		<input type="checkbox"/> RESOLUTIONS		<input checked="" type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S) <input type="checkbox"/> DEED(S)
Approve the Ordinance to authorize the form of and execution of the Master Lease Agreement with Banc of America Public Capital Corp ("BAPCC") in an amount not to exceed \$19.5 million to fund the City's current					

General Fund fleet replacement & equipment needs, and in an amount not to exceed \$25.7 million for the refinancing of existing leases.	
STAFF RECOMMENDATIONS: Approve the requested action.	
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)	
COUNCIL DISTRICT(S):	All Districts will be served.
COMMUNITY AREA(S):	Citywide.
ENVIRONMENTAL IMPACT:	This activity is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	This item is subject to Charter Section 99 (10 day published notice, approval by Ordinance and 6 votes required).

**COUNCIL ACTION  
EXECUTIVE SUMMARY SHEET  
CITY OF SAN DIEGO**

DATE: 10/08/2013

ORIGINATING DEPARTMENT: Debt Management

SUBJECT: Annual Master Lease Agreement to Fund Vehicles and Equipment.

COUNCIL DISTRICT(S): All Districts will be served.

CONTACT/PHONE NUMBER: Jyothi Pantulu/619-236-6917

**DESCRIPTIVE SUMMARY OF ITEM:**

This action is to authorize the Mayor to enter into a Master Lease Agreement with Banc of America Public Capital Corp (“BAPCC”) in an amount not to exceed \$19.5 million to fund the City’s current General Fund fleet replacement and equipment needs, and in an amount not to exceed \$25.7 million for the refinancing of existing leases.

**STAFF RECOMMENDATION:**

Approve the requested action.

**EXECUTIVE SUMMARY:**

Annually, the City utilizes a lease purchase short-term financing option to address funding needs of eligible essential equipment and fleet services. The funding is facilitated under a master lease agreement with a lender (the “Lessor”) by establishing an upfront tax-exempt line of credit over an agreed upon acquisition period. The security for this lending agreement is a pledge to annually appropriate funds to make timely lease payments.

The current equipment and vehicle lease-purchase needs identified for various departments are - up to \$14.5 million for annual fleet replacement, \$1.0 million for a Fire-Rescue vessel, \$4.0 million for the Public Safety Communications Project (PSCP P25), and up to \$25.7 million the refinancing of existing leases(Grand Total of \$45.2 million).

A Request for Proposals (“RFP”) was issued through the City’s Purchasing & Contracting Department on August 8, 2013, to solicit proposals for a Master Lease Agreement (the “Agreement”) to fund the vehicle and equipment needs identified above (RFP # 10034963-14-V). The City received three (3) responsive proposals and is recommending the award of the contract to BAPCC.

Subsequent to the City Budget & Finance Committee approval, the form of and execution of the Agreement with BAPCC will be brought forward for City Council approval in November 2013 (See Staff Report Attachment 1 – Form of the Master Lease Agreement). The Agreement requires City Council approval via ordinance; subsequent to Council approval and the following 30-day referendum period, the Agreement would be executed and the line of credit would be available as of January 2014. The ordinance authorizes the Mayor or his designees to enter into the Agreement with such additions and changes therein as the Mayor, in consultation with the City Attorney, shall approve as being in the best interest of the City.

#### FISCAL CONSIDERATIONS:

The semi-annual lease payments for fleet vehicles will be made from the annual charges accrued in the Fleet Services Replacement Fund. Semi-annual lease payments for the Fire Vessels and Public Safety Communications Project will be made from the respective departments' operating budgets. Semi-annual lease payments for the refinancing leases will continue to be made from their originally identified funding source. Any savings in lease payments from existing leases will be realized within their respective funds.

Future lease payments will be included in future budgets and City Council approval will be obtained through the annual budget process. The actual fiscal impact will depend on the actual amounts and timing of the draws, interest rates, and the final repayment schedules.

The City would be under no obligation to draw down the full amount established under the line of credit. There is no commitment fee for establishing and maintaining the funding amount through the term of the Agreement. If alternate sources of funding are identified, or cash purchases ("pay go") are an option, the City will still have that flexibility.

#### EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

#### PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

This is an annual item; the last master lease agreement was approved by the City Council in May 22, 2012.

#### COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The RFP was sent to approximately 378 firms, including advertisement on DEMANDSTAR for local firms and firms specializing in lease finance. Additionally, local outreach for the RFP was made via email from DEMANDSTAR and US mail to each local bank and credit union within the City of San Diego. Furthermore, advertisements in local community papers included the Daily Transcript, as well as the following minority publications: "Voice & Viewpoint", "La Prensa", and the "Asian Journal". Lastly, a pre-proposal conference was held to provide any clarifications if necessary for qualified firms to attend. There was no attendance by any firm.

#### KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Banc of America Public Capital Corp

Kommi, Lakshmi

Originating Department

\_\_\_\_\_  
Deputy Chief/Chief Operating Officer



City of San Diego

**EQUAL OPPORTUNITY CONTRACTING (EOC)**

1010 Second Avenue · Suite 500 · San Diego, CA 92101

Phone: (619) 533-4464 · Fax: (619) 533-4474

**AA. WORK FORCE REPORT**

**ADMINISTRATIVE**

The objective of the *Equal Employment Opportunity Outreach Program*, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to unlawful discrimination in the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship. Contractors are required to provide a completed *Work Force Report (WFR)*.

**CONTRACTOR IDENTIFICATION**

Type of Contractor: ☐ Construction ☐ Vendor/Supplier ☒ Financial Institution ☐ Lessee/Lessor  
☐ Consultant ☐ Grant Recipient ☐ Insurance Company ☐ Other

Name of Company: Bank of America

AKA/DBA: \_\_\_\_\_

Address (Corporate Headquarters, where applicable): 100 N. Tryon Street

City Charlotte County Mecklenburg State NC Zip 28255

Telephone Number: (704) 386-5687 FAX Number: (704) 386-4578

Name of Company CEO: Brian Moynihan

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: 333 S Hope Street

City Los Angeles County Los Angeles State CA Zip 90071

Telephone Number: (213) 345-9575 Fax Number: (213) 785-6525

Type of Business: Financial Services Type of License: Corporate

The Company has appointed: Jodi Bryant

as its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: 9000 Southside Blvd, Building 400, Jacksonville, FL 32256

Telephone Number: (904) 987-3927 Fax Number: (904) 464-1130

☒ One San Diego County (or Most Local County) Work Force- Mandatory

☐ Branch Work Force \*

☐ Managing Office Work Force

*Check the box above that applies to this WFR.*

*\*Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

I, the undersigned representative of Bank of America

(Firm Name)

Mecklenburg, North Carolina hereby certify that information provided

(County)

(State)

herein is true and correct. This document was executed on this 16th day of August, 20 13

Debra J Cyganek

(Authorized Signature)

Debra J. Cyganek

(Print Authorized Signature Name)

**OFFICE(S) or BRANCH(ES):** Offices and Branches **COUNTY:** San Diego

**INSTRUCTIONS:** For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- |  |  |
|--|--|
| (1) Black, African-American                          | (5) Filipino                                       |
| (2) Hispanic, Latino, Mexican-American, Puerto Rican | (6) White, Caucasian                               |
| (3) Asian, Pacific Islander                          | (7) Other ethnicity; not falling into other groups |
| (4) American Indian, Eskimo                          |  |

OCCUPATIONAL CATEGORY	(1) Black		(2) Hispanic		(3) Asian		(4) American Indian		(5) Filipino		(6) White		(7) Other Ethnicities	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Management & Financial	1	4	21	32	5	8	1	--			56	54	--	1
Professional	1	--	34	10	13	6	1	2			133	42	3	3
A&E, Science, Computer														
Technical					--	2						1		
Sales	2	1	15	5	4	2	--	--			22	13	1	1
Administrative Support	5	22	121	365	39	95	1	2			74	259	8	21
Services														
Crafts														
Operative Workers														
Transportation														
Laborers*														

\*Construction laborers and other field employees are not to be included on this page

Totals Each Column	9	27	191	412	61	113	3	4			285	369	12	26
--------------------	---	----	-----	-----	----	-----	---	---	--	--	-----	-----	----	----

\*\*Not Available

Grand Total All Employees	1,512
---------------------------	-------

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled:

Disabled**														
------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Non-Profit Organizations Only:

Board of Directors														
Volunteers														
Artists														

**This document contains confidential information regarding the make-up of the Bank's domestic workforce that is not customarily revealed to third parties. This information is not publically available and should not be disclosed to third parties.**

## Drug Free Workplace and Alcohol Policy

Bank of America strives to provide a safe, productive environment for its associates and customers. This includes a safe workplace, free of the problems associated with use and abuse of illegal drugs and unauthorized use of alcohol. Substance abuse subjects the company to unacceptable risks of workplace accidents, errors or other failures that would undermine the company's ability to operate effectively and efficiently. Therefore, to maintain a drugfree workplace, the presence or use of illegal drugs or unauthorized alcohol use on company premises is not tolerated.

Bank of America strives to raise awareness about the dangers of substance abuse, to prevent any adverse consequences associated with substance abuse and to provide resources for treatment of abuse. Associates with substance abuse problems, including alcohol, are encouraged to seek assistance before it affects their performance or the performance of others.

### Basic Policy

The use or possession (including, for the purposes of this policy, the sale, purchase, transfer, transport, manufacture, distribution or dispensation) of illegal drugs by anyone on work time, on company premises, at work sites where associates may be assigned, while conducting company business or in a company vehicle is strictly prohibited. **Illegal drug** includes any substance that is not legally obtainable, any substance that may be legally available but has been illegally obtained or any substance that is being used in a manner or for a purpose other than as prescribed.

Also prohibited is the use or possession of illegal drugs on nonworking time if use or possession could:

- Affect an associate's safety on the job or ability to perform his or her job
- Interfere with job performance or safety of others
- Affect the reputation of the company with the general public or threaten its integrity

Associates who engage in any prohibited conduct or who otherwise violate this policy (or are reasonably suspected of violating this policy) are subject to disciplinary action up to and including termination, in accordance with applicable law.

The company also does not allow unauthorized use of alcoholic beverages on company premises. Use of alcoholic beverages on company premises may be approved by the appropriate level officer only for entertainment of clients or special business-related events. However, when approved alcohol is consumed, an associate must still behave in a professional manner and maintain conduct appropriate for the workplace.

The company may take disciplinary action up to and including termination, in accordance with applicable law in any of the following situations:

- If the use of any substance, including alcohol, affects or could affect an associate's job performance or safety, or is reasonably suspected of doing so, including while driving a company vehicle or while driving on company business, and/or
- If the use of any substance, including alcohol, interferes or could interfere with the job performance or safety of others, or is reasonably suspected of doing so

Also, when physician-prescribed drugs adversely affect an associate's job performance or safety, or the job performance or safety of others, it may be in the best interest of the associate, coworkers or the company that time off or other job arrangements be made, if possible. The company reserves the right to take any action deemed necessary to protect the safety and well-being of company associates, customers and others, in accordance with applicable law.

### Associate assistance

The Employee Assistance Program (EAP) is designed to help associates who have personal problems that may affect their well-being and job performance. EAP provides confidential, short-term counseling for any personal issue, including marital or family conflict, stress or coping with grief after the loss of someone close. For more information, an associate or eligible family member may contact the EAP by calling **1.877.444.1012**. Also refer to [EAP & LifeCare](#) for more information.

### Testing and inspections

As part of the company's commitment to provide a drug-free workplace, job applicants and associates may be subject to drug and alcohol testing, as well as inspections, searches and other actions deemed necessary to prevent the use of illegal drugs, misuse of legal substances or the unauthorized use of alcohol. Drug and alcohol testing will be conducted using scientifically valid methods and procedures permitted by applicable state and federal laws. Failure to cooperate with the company's policy and/or its drug and alcohol testing program is grounds for disciplinary action up to and including termination or, in the case of job applicants, ineligibility for hire.

### Notification of convictions

An associate must report any conviction of a drug-related offense to management no later than five days after the conviction. Failure to notify your management may result in disciplinary action up to and including termination.



# Bank of America in the Community of San Diego County

## About Our President

Rick Bregman is the San Diego President at Bank of America. He is responsible for integrating all of the bank's businesses to provide comprehensive community service and for developing and implementing strategies to utilize the bank's resources to serve the local community.



Rick Bregman  
Market President

## About the Bank

At our company, we believe in putting clients first – by listening, learning and leveraging our resources to deliver innovative solutions suited to each client's unique needs and goals. This commitment includes ensuring that clients interact with knowledgeable professionals who will understand and respond in ways that add measurable value. Given the breadth of our capabilities across our enterprise and around the world, we can deliver the competitive products, services and advice that clients need. We're listening to our clients, customers and community leaders to learn what issues matter most to them. Importantly, we're responding, through lending, investing and giving to help create economically vibrant communities.

## Investing in our Community

We work closely with individuals and organizations throughout San Diego County to identify and prioritize issues that we can address in order to build vibrant, healthy and caring communities; create economic opportunity; and improve people's lives.

In 2013 our philanthropic funding targets three key areas critical to the economic health of communities:

- Community Development
- Workforce Development & Education
- Critical Needs

### Bank of America's Presence in the San Diego Area

More than 70 Banking Centers  
and over 275 ATMs serving San  
Diego County.

1,600 experienced and highly  
motivated associates –  
mirroring San Diego's  
population diversity.

[www.bankofamerica.com](http://www.bankofamerica.com)

## Community Development

In 2008, Bank of America announced its \$1.5 trillion lending and investing goal – the largest community development goal ever established by a U.S. financial institution. The goal targets four primary categories: affordable housing, small business lending, consumer lending and economic development.

In San Diego, the first three year's results (January 1, 2009 thru December 31, 2011) were: *(in thousands)*

• Affordable Housing	\$12,644,981
• Small Business	\$ 379,422
• Consumer	\$ 178,761
• Economic Development	\$ 151,380



### Community Partnerships (partial list):

Alpha Project  
American Red Cross  
Athena San Diego  
Big Brothers Big Sisters of San Diego  
CDC Small Business Finance  
CleanTECH San Diego  
CONNECT  
East County EDC Foundation  
Encuentros Leadership North County  
Environmental Health Coalition  
EvoNexus  
Family Health Centers of San Diego  
Feeding America San Diego  
Housing Opportunities Collaborative  
Info Line of San Diego County - 211  
Jacobs Center for Neighborhood Innovation  
Just in Time  
La Jolla Playhouse  
LEAD San Diego  
LISC  
Mabuhay Alliance  
Media Arts Center San Diego  
Monarch School  
Neighborhood Opportunities Corporation  
NTC Foundation  
Old Globe  
Parent Institute for Quality Education  
Point Loma Nazarene University  
Promises2Kids  
Rady Children's Hospital  
REBOOT  
San Diego Asian Film Foundation  
San Diego Bowl Game Association  
San Diego Center for Children  
San Diego Community Housing Corporation  
San Diego EarthDay  
San Diego Family Justice Center Foundation  
San Diego Food Bank  
San Diego Foundation  
San Diego Home Loan Counseling  
San Diego Housing Federation  
San Diego LGBT Center  
San Diego Library Foundation  
San Diego Military Advisory Council  
San Diego MANA  
San Diego Opera Association  
San Diego Regional Chamber of Commerce  
San Diego Regional EDC  
San Diego Rescue Mission  
San Diego Society of Natural History  
San Diego Symphony  
Service Corps of Retired Executives (SCORE)  
Shelter Care Providers of San Diego-HomeAid  
South County Economic Development Council  
St. Vincent de Paul Village  
Angels Foster Family Network  
Union of Pan Asian Communities  
United Way of San Diego County  
Urban League of San Diego County  
YMCA of San Diego County  
YWCA of San Diego County  
Zoological Society of San Diego

### Charitable Investments and Sponsorship

The Bank of America Charitable Foundation is one of the nation's largest corporate philanthropic organizations. Our ten-year commitment of \$2 billion in grants is unprecedented in corporate America. We deliver our services through grants to nonprofit organizations, our signature Neighborhood Excellence initiative and by matching dollars contributed to our associates. To apply for grants online, go to <http://www.bankofamerica.com/foundation>. In addition to philanthropy, Bank of America provides resources in the community through sponsorships of local organizations and activities. To submit a sponsorship request please visit <http://www.bankofamericasponsorships.com>.

In 2012, Bank of America contributed over \$1.5 million to San Diego County non- profits.

### Neighborhood Builders® and Student Leaders® Programs

Bank of America's Neighborhood Builders® program helps address local challenges in community development, workforce development and education, and other critical needs. The program provides high-performing nonprofits with \$200,000 in unrestricted grant funding and leadership development for their executive directors and emerging leaders. We developed the program in response to the need for strong leaders to face the challenges of local communities. We're proud to say the program has become the nation's largest philanthropic investment in nonprofit leadership development.

Through the Student Leaders® program, we recognize high school juniors and seniors who step outside of the classroom to contribute service in their own communities and beyond. Student Leaders® are awarded paid summer internships with local nonprofit organizations and participate in a Student Leadership Summit held in Washington, D.C.

Neighborhood Builders (since 2004):

ACCION San Diego	MAAC Project
Barrio Logan College Institute	Ocean Discovery Institute
Casa Familiar	Reality Changers
Chicano Federation of San Diego County	Second Chance
City Heights Community Development Corp.	Senior Community Centers
Community HousingWorks	Urban Corps of San Diego County
Junior Achievement of San Diego County	Voices for Children
Parent Institute for Quality Education (PIQE)	StarPAL
Just in Time for Foster Youth	

### Associate Involvement

Bank of America's involvement in its local communities is supported by the bank's associates, who volunteer thousands of hours each year as volunteers in the neighborhoods where they live and work. Bank of America Community Volunteers organize the bank's involvement in volunteer projects, but associates donate their time outside the network as well.

In 2012, Bank of America associates volunteered more than 12,000 hours throughout the San Diego region.

Bank of America executives and associates serve on many non profit boards in San Diego County.

# Equal Employment Opportunity and Affirmative Action Policy Statement



## To my teammates:

At Bank of America, we work to build a culture that is diverse, inclusive and free of discrimination or harassment. Specifically, we do not tolerate discrimination or harassment on the basis of race, gender, gender identity, color, religion, sex, sexual orientation, national origin, age, disability status, veteran status or any other factor that is irrelevant to the performance of our teammates. We also prohibit discrimination on other bases such as ancestry, medical condition, or marital status.

Our commitment to diversity is a commitment to individuals and to the team. It's about creating an environment in which all associates can fulfill their potential without artificial barriers, and in which the team is made stronger by the diverse backgrounds, experiences and perspectives of individuals. It's about giving all of us – individually and together – the best possible chance to succeed.

As we work together to create the best place to work, it is critical that all associates embrace the spirit of this policy in business decisions and behaviors, and demonstrate a personal commitment to promoting diversity and inclusion in our company. As we do, I look forward to all we will achieve together.

A handwritten signature in black ink, appearing to read "Brian T. Moynihan".

Brian T. Moynihan

Chief Executive Officer and President



LETTERHEAD

August 22, 2013

LABELS

Jill Forsyth

SHIRTS

Banc of America Public Capital Corp.

14648 North Scottsdale Road, Suite 250

BROCHURES

Scottsdale, AZ 85254

KEY CHAINS

Re: Subcontractor Participation

Creative Print Solutions Inc. Letter of Commitment

MAGNETS

Dear Jill Forsyth,

LASER FORMS

This letter will confirm that Creative Print Solutions, Inc. is committed to participate as a printer on Banc of America Public Capital Corp.'s team for the San Diego bid proposal. Creative Print Solutions, Inc. will take part in the services to provide printing and reprographic services as needed. We have been involved in 25% of the bid preparation.

PENS

CHECKS

NCR FORMS

Creative Print Solutions, Inc. has less than fifty employees and is a Certified Small Business (Micro) with the State of California. We are Cal Trans certified as a WBE, Women Owned Business/DBE Disadvantaged Business Enterprise.

GIFT CARDS

TICKETS

If you should have any questions regarding the above, please do not hesitate to contact us. Thank you for including Creative Print Solutions, Inc. on your proposal team.

ENVELOPES

Very truly yours,

MUGS

Cathy Lynch

POSTERS

President

BUSINESS CARDS

**Exemption:**

FLYERS

Creative Print Solutions, Inc. has fewer than fifty employees, and is therefore exempt from the Nondiscrimination Plan requirement.

BANNERS

Creative Print Solutions, Inc. has fewer than fifty employees, and is therefore exempt from the Work Force Analysis requirement.



LETTERHEAD

LABELS

SHIRTS

BROCHURES

KEY CHAINS

MAGNETS

LASER FORMS

PENS

CHECKS

NCR FORMS

GIFT CARDS

TICKETS

ENVELOPES

MUGS

POSTERS

BUSINESS CARDS

FLYERS

BANNERS

**Firm Name:** Creative Print Solutions, Inc.

**Address:** 10405 San Diego Mission Road, Suite 201, San Diego CA 92108

**DBE, WBE Certificate Number:** 33168

**DGS - SBE Supplier #28564**

**Age of Firm:** Established January 14, 2002

**Type of services provided by firm:** Graphic Design, Digital printing,

Reprographics, Full color offset printing. Examples of products:

Labels, Envelopes, Letterhead, Laser Forms, Continuous Forms, Brochures,

Checks, Business Cards, Color Copies, Black and White Copies, NCR Forms,

Signs & Banners as well as provide over 600,000 promotional

products such as T-shirts, Mugs, Pens, Key Chains, Tote Bags, etc.

References given upon request

# Bank of America – Commitment to Supplier Diversity

---

## Mission Statement

The Bank of America Global Supplier Development's mission is to solidify our position as the premier supplier diversity program in the financial services industry and enhance supplier development by leveraging our performance to date and our knowledge of suppliers. We create opportunities to share business solutions with our suppliers, their leadership and their associates.

We have been successful in this effort by looking deeper and more holistically at global supplier relationships to make certain we have set the appropriate supplier diversity metrics, and development and revenue targets, to meet the Bank of America commitment to supplier diversity and shareholder value.

## Commitment Statement

Bank of America is committed to the inclusion and development of small and diverse businesses and their support agencies in our direct and indirect supply chains. Supply Chain Management (SCM) supports and promotes this corporate mandate through formal policies regarding MWDBE participation in our contract opportunities.

Identification, support and development activities supporting small and diverse suppliers are executed through Bank of America's centralized purchasing organization and the Supplier Development team. Supplier diversity and development is included as a performance measurement of Bank of America's overall corporate purchasing strategy.

## Policy Statement

SCM Policy #1003 – supplier diversity policy statement – All contracts with domestic Bank of America suppliers above \$3 million must include supplier diversity and development language and expectations. For domestic contracts less than or equal to \$3 million must include "best effort" supplier diversity and development language. Documentation must be provided to show diverse supplier participation in the RFP/bid process. Every associate, with responsibility in the selection of the goods and services we purchase, is responsible for managing supplier diversity and supporting our corporate diversity objectives. This SCM policy provides the leverage to:

- Standardize Bank of America domestic contracts to require supplier diversity and development commitment language and quantifiable goals.
- Require our diverse and non-diverse suppliers to support our corporate commitment to the development and inclusion of small and diverse suppliers and their support agencies.
- Ensure that all supply chain associates are engaged in the inclusion and development of small and diverse suppliers.

## Goals

In 2012, Bank of America Supplier Development focused on strengthening our strategic diverse supplier relationships that support our reputation of being the 'premier supplier diversity program in the financial services industry.' We worked to continue providing additional advantage for the expansion of relationships with minority suppliers. We are proud to report that in 2012, Bank of America's annual small and diverse spend exceeded \$2.4 billion with more than 17,000 suppliers, an increase of approximately 1,700 suppliers.

# Bank of America – Commitment to Supplier Diversity

---

Recognized as a world-class supplier diversity and development program for over 20 years, Bank of America continues to lead and contribute nationally to expanding opportunities for diverse suppliers in the corporate sector. Below are examples of some of the commodities supported by MWDBE suppliers under contract:

- |                      |                        |                    |
|----------------------|------------------------|--------------------|
| ■ Staffing Services  | ■ Printing             | ■ Marketing        |
| ■ Advertising        | ■ Travel Services      | ■ Copier Recycling |
| ■ Landscaping        | ■ Janitorial           | ■ Construction     |
| ■ Roofing            | ■ Maintenance          | ■ Disposal         |
| ■ Home Inspections   | ■ Photography          | ■ Courier          |
| ■ Telecommunications | ■ Carpet Cleaning      | ■ Furniture        |
| ■ Security           | ■ Parking              | ■ Software         |
| ■ Teleconferencing   | ■ Contract Programming | ■ Legal Services   |

## Our Results

- In 2012, Bank of America spent **\$2.4 billion** with more than 17,000 minority-, woman- and disabled veteran-owned suppliers, an increase of approximately 1,700 suppliers from 2011.
- In 2012, Bank of America spent **\$49 million** of our **Georgia** state sourceable spend with more than 4,500 minority-, woman- and disabled veteran-owned suppliers.

Due to certain contractual restrictions with our suppliers, Bank of America is unable to disclose detailed supplier and contract information. Bank of America reports annual summary information as listed above.

Bank of America is also a corporate member of the National Minority Supplier Development Council (NMSDC), a national certifying agency that advocates business development with diverse suppliers, and the Women Business Enterprise National Council (WBENC). Our participation with the NMSDC and WBENC at a national and local level continue to be a valuable resource in the identification and certification of diverse supplier prospects.

## Recognition of Efforts

Bank of America receives numerous national and regional awards and recognition as it relates to the effectiveness of the Supplier Development program and continues to be considered an industry leader with a world-class supplier diversity program. Examples of recognition and awards include:

- Black Enterprise magazine recognized Bank of America as one of the top 40 Companies for Supplier Diversity. (2011, 2010, 2009, 2008, 2007, 2006, 2005)
- DiversityInc recognized Bank of America as one of the "Top 10 Companies for Supplier Diversity" in 2010 and one of the "Top 50 Corporations for Diversity" each year since 2001. DiversityInc also recognized Bank of America as the #1 company for diversity in its "Top 50 Companies for Diversity" list in 2007. Bank of America was also ranked among the DiversityInc top 10 companies for Recruitment & Retention, Supplier Diversity, Executive Women and LGBT employees.
- DiversityBusiness.com recognized Bank of America as one of the "Top 50 Companies for Multicultural Business Opportunities" each year since 2003.
- Top 100 Military Friendly Employers by G.I. Jobs magazine for the sixth year in a row
- Hispanic Enterprise Magazine, formerly named Hispanic Trends Magazine recognized Bank of America as one of its top 50 corporations for supplier diversity each year since 2005. The magazine acknowledges businesses for

## Bank of America – Commitment to Supplier Diversity

---

their work efforts in providing opportunities for the Hispanic community and organizations in such areas as recruitment, scholarships, and minority vendor programs. (2005 – 2010).

- Hispanic Business magazine ranked Bank of America as one of the “Top 10 Companies for Supplier Diversity” in 2010 and one of the “Top 5 Diversity Elite” in 2009, based on more than 32 variables that measure a company's commitment to Hispanic hiring, promotion, marketing, philanthropy and supplier diversity. Additionally, “Top 60 Diversity Elite” for the sixth year in a row (2006 – 2011).
- U.S. Hispanic Chamber of Commerce and PODER ranked Bank of America as one of the “Top 50 Companies for Supplier Diversity” in 2010 and 2009. The list recognizes corporations that continue to improve and grow their supplier diversity programs by implementing innovative ideas and demonstrating commitment to inclusion—despite times of duress.
- Among LATINA Style's top company for Latinas for the last seven years. (2005 – 2011).
- Women's Business Enterprise National Council (WBENC) recognized Bank of America as one of America's Top Corporations for Women's Business Enterprises (WBEs). This is the seventh time Bank of America has received the award since its inception nine years ago and has helped us achieve a “World-Class” status in Supplier Diversity. The award was to Bank of America for its companywide programs offering equal access for WBEs in competing for, and winning, corporate contracts for goods and services. (2010, 2009, 2008, 2007, 2006, 2005, 2003, 2001, 2000)
- 2008 – Named NAACP “Top Diversity Leader” and ranked No. 1 on the NAACP's Economic Reciprocity Initiative Report. This list takes into account employment, marketing and communications expenditures, supplier diversity, charitable and philanthropic giving, community service and reinvestment. The NAACP was extremely impressed with the bank's vendor relations efforts. Bank of America was the only bank that received a perfect score in vendor relations and is being looked to as “A model in the industry.”
- 2008 – National Corporation of the Year by the Carolinas Minority Supplier Development Council (CMSDC)
- 2008 – National Corporation of the Year by the New York and New Jersey Minority Supplier Development Council (NYNJMSDC)

For additional information on our supplier diversity efforts please refer to [www.bankofamerica.com/supplierdiversity](http://www.bankofamerica.com/supplierdiversity).



## BB. SUBCONTRACTOR PARTICIPATION LIST

This list shall include the name and complete address of all Subcontractors who qualify as SLBEs or ELBEs. Contractors may also list participation by MBE, WBE, DBE, DBVE and OBE firms. However, no additional points will be awarded for participation by these firms, except that DVBEs that qualify as local businesses shall counted as SLBEs.

Contractor shall also submit Subcontractor commitment letters on Subcontractor's letterhead, no more than one page each, from Subcontractors listed below to acknowledge their commitment to the team, scope of work, and percent of participation in the project.

Subcontractors shall be used in the percentages listed. No changes to this Participation List will be allowed without prior written City approval.

NAME AND ADDRESS SUBCONTRACTORS	SCOPE OF WORK	PERCENT OF CONTRACT	DOLLAR AMOUNT OF CONTRACT	SLBE/ELBE (*MBE/ WBE/DBE/ DVBE/OBE)	** WHERE CERTIFIED
Creative Print Solutions	Preparing Bid Reprographics	25%	N/A	WBE DBE	California
10405 San Diego Mission Rd					
Suite <del>200</del> 201					
San Diego CA 92108					

\* Listed for informational purposes only.

\*\* Consultant shall indicate if Subcontractor is certified by one of the agencies listed in Section VII of the Equal Opportunity Contracting Program (EOCP) Attachment.

List of Abbreviations:

Certified Minority Business Enterprise	MBE
Certified Woman Business Enterprise	WBE
Certified Disadvantaged Business Enterprise	DBE
Certified Disabled Veteran Business Enterprise	DVBE
Other Business Enterprise	OBE
Small Local Business Enterprise	SLBE
Emerging Local Business Enterprise	ELBE

DOCKET SUPPORTING INFORMATION  
CITY OF SAN DIEGO  
**EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION**

DATE: October 21, 2013

SUBJECT: Annual Master Lease Agreement to Fund FY2014 Vehicles and Equipment and refinance existing leases (1472)

**GENERAL CONTRACT INFORMATION**

Recommended Consultant: Banc of America (Not certified)

Amount of this Action: \$ 45,300,000 (not-to-exceed)

Funding Source: City of San Diego

Goal: N/A

**SUBCONTRACTOR PARTICIPATION**

There is no subcontractor activity associated with this action.

**EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE**

Equal Opportunity Required.

Bank of America submitted a Work Force Report for their San Diego County employees dated June 30, 2013. The Work Force Report Analysis reflects under representations in the following categories:

Black in Mgmt & Financial, Professional and Admin. Support  
American Indian in Admin. Support  
Filipino in Mgmt. & Financial, Professional, Sales and Admin. Support  
Female in Professional and Sales

EOC Staff is concerned about the under representations in the contractor's workforce and; therefore, has requested an updated Equal Employment Opportunity Plan and will continue to monitor the firm's effort to implement their plans.

Banc of America has indicated they will provide a written commitment to submit the requested updated EO Plan to the City of San Diego by October 25, 2013.

This action is be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708); and to the City's Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

**ADDITIONAL COMMENTS**

This action is to authorize the Mayor to enter into a Master Lease Agreement with Banc of America Public Finance Corp (“B of A”) in an amount not to exceed \$45.3 million to fund the City’s Fiscal Year 2014 General Fund fleet replacement needs, equipment needs and refinancing of existing leases.

**RLL**



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: October 21, 2013 REPORT NO: 13-086

ATTENTION: Budget and Finance Committee Members

SUBJECT: Annual Master Lease Agreement to Fund Vehicles and Equipment

**REQUESTED ACTION(S):**

Approve the form of and execution of the Master Lease Agreement with Banc of America Public Capital Corp ("BAPCC") to fund the City's Fiscal current fleet and equipment needs and refinancing of eligible existing leases.

**STAFF RECOMMENDATION:**

Approve the request action.

**SUMMARY:**

**I. Background**

Annually, the City utilizes a lease purchase short-term financing option to address funding of eligible essential equipment and fleet needs. The funding is facilitated under a master lease agreement with a lender (the "Lessor") by establishing an upfront tax-exempt line of credit over an agreed upon acquisition period. The security for this lending agreement is a pledge to annually appropriate funds to make timely lease payments.

Using this funding mechanism, the City has previously funded its annual fleet replacement including vehicles for safety services such as fire engines and police vehicles, and motive equipment for service maintenance (non-safety). In addition to annual fleet replacement, other vehicles and projects funded include refuse containers, refuse packers for the implementation of the Automated Refuse Collection Program, helicopters for the Fire and Police Departments, public safety communications equipment, and the City Enterprise Resource Planning system. Under various Master Lease Agreements established between 2003 and 2012, as of September 30, 2013, the City has 98 outstanding funding leases with approximately \$63 million in outstanding principal.

In June 2012, the City Council authorized a Master Lease Agreement in an amount not to exceed \$26.3 million to finance various equipment needs including fleet replacement, Advanced Metering Infrastructure System, Rescue vessels for the Fire Department, Global Positioning

System Equipment and Balboa Park Trams. This Master Lease Agreement will expire on June 30, 2014. As of October 2013, \$13.7 million has been funded under this agreement, and an additional \$10.8 million is expected to be utilized by June 2014.

The proposed master lease agreement in Fiscal Year 2014 will allow the City to continue funding its annual needs as described below.

## **II. Proposed Master Lease Agreement**

### **A. Current New Money Funding Needs (\$19.5 million):**

#### **1. Fiscal Year 2014 annual Fleet replacement vehicles up to \$14.5 million - Public Works – Fleet Services Division**

Fleet Services has identified the citywide General Fund fleet replacement needs for Fiscal Year 2014 totaling approximately \$14.5 million. The assessment by Fleet Services identifies approximately 228 vehicles for replacement. All the replacement vehicles, totaling a not-to-exceed amount of \$14.5 million, are programmed to be lease purchased. The replacement list includes the replacement of approximately 121 police vehicles (including patrol cars, motor cycles, and other support vehicles), 8 fire engines, 10 fire support vehicles, and approximately 89 other non-safety maintenance vehicles. Estimated useful life of the vehicles ranges from seven to twenty (7-20) years. The City may lease purchase the equipment using either the 5-year or 7-year lease term depending on the vehicles estimated useful life.

#### **2. Multi-Purpose Rescue Vessel up to \$1.0 million – Fire-Rescue Department**

This vessel was expected to be lease purchased under the current Master Lease Agreement. However, there has been a delay in the selection of the vendor. It is currently expected that a new request for proposals will be issued and the vendor will be selected by December 2013 with the vessel to be ordered under the proposed Master Lease Agreement. The estimated useful life of the vessel is 25 years with an estimated cost of \$1.0 million. The Fireboat represents a sophisticated rescue vessel operated by lifeguards. In addition to providing fire suppression, these vessels support search and rescue operations, and law enforcement detail. The City anticipates funding the Fireboat on a 7-year lease term.

#### **3. Public Safety and Communications Project up to \$4.0 million – Information Technology Department**

The Public Safety Communications System Project is in the process of updating and enhancing existing radio communications equipment and services for the City's Police and Fire Rescue departments. This project, called Project 25 (P25), will include the procurement, installation, implementation of digital microwave radio terminals, radio base stations, routing equipment, as well as ancillary equipment and structures. As previously reported to the Public Safety and Neighborhood services Committee on October 9, 2013, the total project cost is estimated at \$20 million. To date, \$12 million has been constructed using grant funding awarded to the City. Of

the \$8 million remaining, \$4 million will be lease purchased with this Master Lease Agreement, and the remaining \$4 million is expected to be funded by grants.

The \$4 million identified to be funded through the proposed Master Lease Agreement is expected to fund the procurement and installation of microwave radio terminals and routers and switches over a twenty-four (24) month period. The useful life of this equipment is estimated to be five to seven (5 to 7) years for routing equipment and seven to ten (7 to 10) years for microwave radio terminals. The City anticipates funding this project on a 5-year lease term.

**B. Refinancing of Existing Leases up to \$25.7 million**

As of September 30, 2013, out of the ninety-eight (98) leases outstanding, forty-six (46) are eligible to be refunded. The total outstanding principal on the refundable leases is approximately \$25.7 million, with the remaining lease payments spanning Fiscal Years 2014 - 2023. Leases to be refinanced include the following: Fleet, the ERP System, the PSCP, and the Fire Helicopter. By refinancing these leases, there will be an economic savings to each of the respective Departments by having lower lease payments in future fiscal years due to lower annual interest costs.

**C. Selection on Lender – Request for Proposals**

A Request for Proposals (“RFP”) was issued through the City’s Purchasing & Contracting Department on August 8, 2013, to solicit proposals for a Master Lease Agreement (the “Agreement”) to fund the vehicle and equipment needs and refinancing as identified above. Notification of the RFP was sent to approximately 350 contacts through DemandStar, including forty-seven (47) local firms specializing in lease finance. Furthermore, twenty-eight (28) mailed notices were sent to local firms who did not have an email available for DemandStar notification. Seventeen (17) copies of the RFP were downloaded and the City received four (4) proposals, three (3) of which were determined to be responsive. The City is recommending the award of the contract to BAPCC. BAPCC offered the most competitive funding rate overall and came to agreement with the City on all key terms and conditions.

**D. Master Lease Agreement**

Subsequent to the City Budget & Finance Committee approval, the form of and execution of the Agreement with BAPCC will be brought forward for City Council approval in November 2013 (See Attachment 1 – Form of the Master Lease Agreement). The Agreement requires City Council approval via ordinance; subsequent to Council approval and the following 30-day referendum period, the Agreement would be executed and the line of credit would be available as of January 2014. The ordinance authorizes the Mayor or his designees to enter into the Agreement with such additions and changes therein as the Mayor, in consultation with the City Attorney, shall approve as being in the best interest of the City.

Upon execution of the Agreement, Departments will be able to place orders for their respective vehicles/equipment. On receipt, inspection, and acceptance by the respective departments, necessary funds will be drawn from the line of credit. The funding draws



typically occur in batches as the vehicles and equipment are received. The Lessor makes direct payments to vendors and corresponding amortization schedules will be established with the City to make semi-annual payments to the Lessor on a fixed rate basis over the lease term. At the end of the term, the vehicles and/or equipment are owned by the City.

Key terms under the lease purchase agreement between the City (Lessee) and BAPCC (Lessor) include:

- Acquisition Amount:  
Current New Money Funding Needs: Not-to-exceed \$19.5 million  
Refinancing Needs: Not-to-exceed \$25.7 million
- Acquisition Period: Up to 24 months
- Lease Term: Vehicles and equipment can be funded under a 5-year or 7-year lease term. Refinancing leases are funded at a term equal or lesser to their original maturity.
- Interest Rate: Fixed rate basis. Established at the time the equipment is funded based on the lease term and locked for the term of the lease, provided no equipment will be funded if the interest rate exceeds 6%.

<b>Lease Category</b>	<b>Lease Term</b>	<b>Estimated Equipment Lease Rate (As of 10/11/13)<sup>1</sup></b>
Current New Money Financing Needs	5	1.1928%
	7	1.5628%
Refinancing Leases	2	0.7629%
	3	0.8564%
	4	0.9464%
	10	1.9429%

<sup>1</sup>Based on an index formula as defined in the Master Lease Agreement Section 1.16

- The City is required to budget and make lease payments from legally available funds. The requirement to make lease payments is not one for which the City is obligated to levy or pledge any form of taxation.
- The City has the ability to pre-pay on both new equipment leases and refinancing at no penalty following the initial 24 months of the lease term.

#### FISCAL CONSIDERATIONS:

The semi-annual lease payments for fleet vehicles will be made from the annual charges accrued in the Fleet Services Replacement Fund. Semi-annual lease payments for the Fire Vessels and Public Safety Communications Project will be made from the respective departments' operating budgets. Semi-annual lease payments for the refinancing leases will continue to be made from

their originally identified funding source. Any savings in lease payments from existing leases will be realized within their respective funds.

Future lease payments will be included in future budgets and City Council approval will be obtained through the annual budget process. *The actual fiscal impact will depend on the actual amounts and timing of the draws, interest rates, and the final repayment schedules.*

The City would be under no obligation to draw down the full amount established under the line of credit. There is no commitment fee for establishing and maintaining the funding amount through the term of the Agreement. If alternate sources of funding are identified, or cash purchases (“pay go”) are an option, the City will still have that flexibility.

Below is a summary of projected lease payments on the new money funding needs and refinancing needs based on current interest rates. Sales tax will be cash funded from the respective department at the time of acceptance.

### **New Money Financing Needs**

#### **1. IT & C PCSP P-25 Project, \$4 million (5-year term):**

Based on interest rates as of October 11, 2013, the effective interest rate would be 1.19% on a 5-year term. Assuming periodic draws of \$500,000 occurring every two months from April 2014 through November 2015, the estimated lease payments are as follows:

<b>Fiscal Year</b>	<b>2015</b>	<b>2016</b>	<b>2017-2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Estimated Lease Payments	\$260,000	\$672,000	\$827,000	\$569,000	\$155,000	\$4,137,000

#### **2. FY 2014 Fleet Replacement, \$14.5 million (7-year term):**

Based on interest rates as of October 11, 2013, the effective interest rate would be 1.56% on a 7-year term. Assuming a single draw, the estimated lease payments are as follows:

<b>Fiscal Year</b>	<b>2015</b>	<b>2016-2021</b>	<b>2022</b>	<b>Total</b>
Estimated Lease Payments	\$1,100,000	\$2,200,000	\$1,100,000	\$15,400,000

#### **3. Fire Rescue Vessel Fleet Replacement, \$1 million (7-year term):**

Based on interest rates as of October 11, 2013, the effective interest rate would be 1.56% on a 7-year term. Assuming a single draw, the estimated lease payments are as follows:

<b>Fiscal Year</b>	<b>2015</b>	<b>2016-2021</b>	<b>2022</b>	<b>Total</b>
Estimated Lease Payments	\$76,000	\$152,000	\$76,000	\$1,064,000



**Refinancing Leases:**

This Master Lease Agreement includes the economic refinancing of an estimated forty-six (46) existing leases with a total outstanding principal of \$25.7 million and interest rates ranging from 1.89% to 4.88%. Based on current rates, the refinancing lease rates are estimated to range from 0.75% to 1.94% depending on maturity. This will result in a savings of approximately \$2.3 million over the next 10 years (Fiscal Years 2015 - 2024). Annual lease payments for the refinancing leases will continue to be made from the respective departments' operating budgets.

<b>Fiscal Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018-2023</b>	<b>2024</b>	<b>Total</b>
Existing Lease Payments	\$8,908,000	\$6,309,000	\$2,957,000	\$1,075,000	\$537,000	<b>\$25,161,000</b>
Estimated Refinanced Lease Payments	\$8,183,000	\$6,028,000	\$2,821,000	\$979,000	\$0	<b>\$22,906,000</b>
<b>Savings</b>	<b>\$725,000</b>	<b>\$281,000</b>	<b>\$136,000</b>	<b>\$95,000</b>	<b>\$537,000</b>	<b>\$2,255,000</b>

**PREVIOUS COUNCIL MEETING and/or COMMITTEE ACTION:**


This is an annual item; the Fiscal Year 2013 Master Lease Agreement was approved by the City Council on May 22, 2012.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

The RFP was issued to approximately 378 firms, including advertisement on DEMANDSTAR for local firms and firms specializing in lease finance. Additionally, local outreach for the RFP was made via email from DEMANDSTAR and US mail to each local bank and credit union within the City of San Diego. Furthermore, advertisements in local community papers included the Daily Transcript, as well as the following minority publications: "Voice & Viewpoint", "La Prensa", and the "Asian Journal". Lastly, a pre-proposal conference was held to provide any clarifications if necessary for qualified firms to attend. There was no attendance by any firm.

**KEY STAKEHOLDERS AND PROJECTED IMPACTS:**

Banc of America Public Capital Corp



Lakshmi Kommi  
Debt Management Director



Greg Bych  
Interim Chief Financial Officer

Attachment: Form of the Master Lease Agreement

## FORM OF THE MASTER LEASE AGREEMENT

This MASTER LEASE AGREEMENT (this "Agreement" or this "Lease") dated as of \_\_\_\_\_, 2013\_is between Banc of America, Public Capital Corp, (the "Lessor"), and the City of San Diego, California (the "City" or the "Lessee"), a political subdivision of the State of California (the "State").

### RECITALS

The City desires to enter into arrangements for the lease purchase of certain Equipment, hereinafter defined.

The Lessor desires to provide for the financing of all such Equipment under the terms of this Agreement.

The Lessor desires to provide for the refinancing of certain existing leases under the terms of this agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### ARTICLE 1: DEFINITIONS

For purposes of this Agreement, the following terms have the meanings given below unless the context clearly requires otherwise:

- 1.1 Acceptance Certificate: means the certificate substantially in the form of Schedule 1 of the Appendix.
- 1.2 Acceptance Date: means the date on which the City notifies the Lessor to establish and agree on a Vendor Payment Date. The Acceptance Date shall be no later than seven (7) business days in advance of the Vendor Payment Date.
- 1.3 Acquisition Period: means the period commencing on the execution of this Agreement and ending on the earlier of twenty-four (24) months, or the date on which \$\_\_\_\_\_ million of new Equipment has been financed as New Lease(s) and \$\_\_\_\_\_ million of Refinancing Lease(s) have been executed under the Agreement. The City reserves the right to (i) request to increase the limits upon exhausting the initial limits for and of the terms upon mutual agreement and pre-approval by Lessor, and (ii) request to extend the Acquisition Period for a period upon terms acceptable to Lessor.
- 1.4 Additional Lease Payment(s): means the amounts specified as such in Section 4.5(b).
- 1.5 Agreement: means this Master Lease Agreement as the same may be amended and supplemented from time to time in accordance with its terms.
- 1.6 Appendix: means Attachment A of this Agreement, substantially in the form annexed hereto, which includes the Acceptance Certificate, the Disbursement Authorization

Certificate, the City Representation Certificate, the Payment Schedule Certificate, and all exhibits, attachments and schedules thereto.

- 1.7 Business Day: means any day other than a City holiday, a Saturday, Sunday or day upon which banks in the state or in the state in which the principal office of the Lessor is located are authorized or required to be closed.
- 1.8 Certificate of Counsel: means the certificate substantially in the form of Attachment B of this Agreement.
- 1.9 City Representative: means the Purchasing Agent, Chief Operating Officer, Chief Financial Officer, Director of Debt Management, or such other person at the time designated to act on behalf of the Lessee for the purpose of performing any act under this Agreement by a written certificate furnished to the Lessor.
- 1.10 City Representation Certificate: means the certificate substantially in the form of Schedule 3 of the Appendix.
- 1.11 Contract Administrator: the Director of Debt Management or Designee shall be the Contract Administrator.
- 1.12 Agreement Term: means the period commencing upon execution of this Agreement and ending on the date the final payment is made under all Appendices entered into during the Acquisition Period.
- 1.13 Agreement Year: means individually each year of the Agreement Term. The initial Agreement Year shall begin on \_\_\_\_\_, and end on June 30, 201\_, and thereafter each Agreement Year shall begin July 1 and end on the following June 30.
- 1.14 Disbursement Authorization Certificate: means the certificate substantially in the form of Schedule 2 of the Appendix.
- 1.15 Equipment: means the items of personal property and services leased to Lessee for a term not exceeding the useful life of the item pursuant to this Agreement and listed on each Appendix.
- 1.16 Equipment Lease Rate: means for each lease term, applying the applicable Percentage of Index Rate to the applicable Index Rate plus any applicable Spread. The table below details the Percentage of Index Rate, and Spreads for each lease term:

Lease Category	Lease Term	Percentage of Index	Spread
New Leases	5	64.10%	0.6864%
	7	64.10%	1.0564%
Refinancing Leases	2	64.10%	0.5385%
	3	64.10%	0.5423%
	4	64.10%	0.6323%
	10	64.10%	0.9365%

- 1.17 Equipment Purchase Amount: means the amount defined as such on Schedule 2 to the Attachment 'A' Disbursement Authorization Certificate.
- 1.18 Equipment Vendor: means the manufacturer or the distributor, including consultants and City staff, who deliver the items of Equipment to Lessee.
- 1.19 Event of Default: has the meaning set forth in Sections 4.9 and 4.10 herein.
- 1.20 Fiscal Year: means the City's Fiscal Year which begins on July 1 of a calendar year and ends on June 30 of the following calendar year.
- 1.21 Index: means the applicable LIBOR Swap Index as further described below.
- 1.22 Index Rate: means the Interest Rate Swap Index rate for each lease term as published by Federal Reserve "Selected Interest Rates H.15", as defined in the following table:

Lease Category	Lease Term	Index Term*
New Leases	5	3-Year
	7	3-Year
Refinancing Leases	2	1-Year
	3	2-Year
	4	2-Year
	10	5-Year

- 1.23 Lease Payment(s): means the amount(s) specified in Section 4.5 hereof, as adjusted from time to time in accordance with the terms hereof, but does not include Additional Lease Payments.
- 1.24 Lease Payment Date: means the date on which the Lessee is required to make a Lease Payment, as specified in an Appendix.
- 1.25 Lessee: means the City of San Diego.
- 1.26 Lessor: means Banc of America, Public Capital Corp, acting as Lessor under this Agreement, and any successor thereto or any assignee thereof.
- 1.27 Lessor Representative: means the President or any Vice President of the Lessor, or any person or persons at the time designated to act on behalf of the Lessor for purposes of performing any act or obligation on behalf of the Lessor under this Agreement by a written certificate furnished to the Lessee.
- 1.28 LIBOR: means the London Interbank Offered Rate.
- 1.29 Payment Schedule Certificate: means the certificate substantially in the form of Schedule 4 of the Appendix annexed hereto.
- 1.30 Percentage of the Index Rate: means the percentage proposed by the Lessor for the lease term(s) awarded to the Lessor which is to be multiplied by the Index Rate in the

calculation of the Equipment Lease Rate in an Appendix, for all Equipment purchased during the term of this Agreement.

- 1.31 Pre-approval Request: means the form attached hereto, fully executed by the Lessor in conformance with the procedure contained in the memorandum of understanding attached hereto.
- 1.32 Pre-payment Date: has the meaning contained in Section 7.2(a) herein.
- 1.33 Request for Proposal or RFP: means City of San Diego Request for Proposal No.: 10034963-14-V.
- 1.34 Transaction Documents: means the Agreement, the Appendices, and all attachments, exhibits and schedules thereto.
- 1.35 Vendor Payment Date: means the date on which the Equipment Vendor or Lessee (in the case of reimbursement) receives funds from the Lessor, as specified in an Appendix.
- 1.36 Refinancing Lease(s): includes refinancing certain existing leases of the Lessee under separate master lease agreements, such that the Equipment Purchase Amount represents the prepayment of the outstanding principal of said certain leases, and that the Equipment of said Refinancing Lease(s) will be the Equipment of the said certain existing leases as defined in their respective Appendices.
- 1.37 New Lease(s): includes financing of new Equipment, as defined in 1.15.

## ARTICLE 2: PURPOSE

- 2.1 The Lessor agrees to lease Equipment to Lessee subject to the terms hereof, upon the provision by Lessee of an Appendix, and the Lessee agrees to lease Equipment from the Lessor for the consideration indicated in an Appendix at the Equipment Lease Rate, provided, however, that the Lessee is not permitted, and the Lessor is not required, to lease any Equipment where the Equipment Lease Rate exceeds 6.0%.
- 2.2 No payments will be due under this Agreement by the Lessor until the Lessor has determined that no material adverse change in the Lessee's financial condition has occurred prior to the Lessor's execution of a Pre-approval Request, that insurance required under the Agreement will be in place as of the Vendor Payment Date, and the Lessor has been provided an Appendix and all attachments, exhibits and schedules thereto (in form and substance, acceptable to Lessor) signed by authorized City Representative(s). No payments will be due from the City to the Lessor until the Lessor has made payment to the Equipment Vendor or to the City as provided in Section 4.3.

### ARTICLE 3: TERM

- 3.1 The term of this Agreement during which Equipment can be ordered, upon receiving pre-approval from the Lessor, and funded shall be the Acquisition Period. The Acquisition Period of this Agreement may be extended by mutual consent of both the Lessee and the Lessor.
- 3.2 [The payment term of each Appendix entered into pursuant to this Agreement shall be for a period of two (2), three (3), four (4), five (5), seven (7), or ten (10) years subject to a Pre-approval Request by the Lessor at the time the equipment is ordered by the City, and further subject to earlier termination as provided herein.]
- 3.3 The Agreement Term of this Agreement shall be from the execution of this Agreement until all obligations under this Agreement are extinguished pursuant to this Agreement.

### ARTICLE 4: PAYMENT

- 4.1 Amount and Times of Payment to the Lessor: The total purchase price plus accrued interest indicated in each Appendix shall be paid by the City in equal semi-annual installment payments as indicated in an Appendix. The initial Lease Payment by the City, unless otherwise specified in an Appendix, shall be due on the first day of the month after six (6) full months have elapsed from the Vendor Payment Date as shown on an Appendix. The initial Lease Payment shall include accrued interest from the Vendor Payment Date to the first Lease Payment date. Each successive Lease Payment during the term of the Appendix will continue semi-annually on the first day of the calendar month. Payments for partial months and accrued interest shall be calculated on a 30/360 basis. Lessee shall receive invoices from Lessor to Lessee no less than 30 days prior to each Lease Payment date.
- 4.1.1 The Equipment Lease Rate will be established on the Acceptance Date through execution of an Appendix by multiplying the Percentage of the Index Rate by the Index Rate as defined in Section 1.20 herein, published as of the Acceptance Date for the lease term.
- 4.2 For federal income tax purposes only, a portion of each Lease Payment is paid as, and represents payment of, interest, as set forth in each Payment Schedule Certificate.
- 4.2.1 The Lease Payments shall be paid by check in lawful monies of the United States and mailed to the Lessor at its principal corporate office or such other place as may be designated by the Lessor in writing; or, at the Lessee's preference, sent via Automatic Clearing House ("ACH") payment or wire payment to the Lessor in accordance with ACH and wire payment instructions provided in writing on the Lessor's letterhead.
- 4.3 Amount and Times of Payment by Lessor: Subject to a Pre-approval Request by the Lessor in accordance with Sections 1.2 and 3.2 of the Agreement, payment by the Lessor must be made to Lessee's Equipment Vendor, on or before the Vendor Payment Date given in an Appendix. The amount of payment will be stated in an Appendix. Late

payment(s) by the Lessor attributable solely to the failure of Lessor to fund in a timely manner cured pursuant to Section 4.12 herein; provided, however, such Vendor Payment Date shall not be more than three (3) Business Days after receipt of Schedules 1 through 4, IRS Form 8038-G/GC (Information Return for Tax-Exempt Governmental Obligations), UCC financing statements and any other items deemed necessary by the Lessor as established prior to the Vendor Payment Date, pursuant to Section 5.5b.

4.3.1 As evidence of payment by Lessor to Lessee's Equipment Vendor, Lessor shall return to Lessee a signed copy of the Disbursement Authorization Certificate and a signed copy of the Payment Schedule Certificate, initially executed by Lessee.

4.4 Maximum Payment: Except in the event of Pre-payment by the Lessee as hereinafter provided, and except for Additional Lease Payments and other amounts due hereunder, the total charges paid by the Lessee shall not exceed the amount calculated on the Payment Schedule Certificates.

4.5 Lease Payments: Subject to the terms hereof, the Lessee hereby agrees to pay to the Lessor the Lease Payments and to the appropriate parties the Additional Lease Payments in the amounts, at the times and in the manner hereinafter set forth, such amounts constituting in the aggregate the rent payable under this Lease.

a. The Lease Payments payable by the Lessee shall be due on each Lease Payment Date during the term of this Lease. The Lease Payment payable on a particular Lease Payment Date shall be for the period from the immediately preceding Lease Payment Date to such particular Lease Payment Date.

b. In addition to the Lease Payments set forth herein, the Lessee agrees to pay as Additional Lease Payment(s) all of the following:

1. All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes including sales taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Equipment, or upon any interest of the Lessor; and
2. Any late Lease Payment penalty shall be determined in accordance with this subparagraph, for the late payment of scheduled Lease Payments. A scheduled Lease Payment not made by the sixth calendar day succeeding the scheduled Lease Payment Date shall, upon written notice from the Lessor, begin accruing a late Lease Payment penalty, calculated at the applicable lease interest rate, on a pro-rata basis, against the scheduled Lease Payment due. In no event shall the late Lease Payment penalty begin accruing before the sixth day succeeding the scheduled Lease Payment Date or before the date written the Lessee receives notice from the Lessor, and in no event shall any late Lease Payment penalty continue to accrue past the twentieth day succeeding the scheduled Lease Payment Date, except as provided in Section 4.11 (b)

- 4.5.1 Amounts constituting Additional Lease Payments hereunder shall be paid by the Lessee directly to the person(s) to whom such amounts shall be payable. The Lessee shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within thirty (30) calendar days after notice in writing from the Lessor to the City stating the amount of Additional Lease Payments then due and payable and the purpose thereof.
- 4.5.2 The obligation of the Lessee to make Lease Payments, Additional Lease Payments, or any other payments required hereunder, shall be absolute and unconditional) except as otherwise specifically provided in this Agreement. This is a net lease. All costs, expenses and other liabilities associated with the Equipment shall be borne solely by the Lessee. Except as expressly provided herein, the Lessee's obligation to pay rent and all other obligations under this Agreement are absolute and unconditional and not subject to any deferment, reduction, setoff, defense, counterclaim or recoupment for any reason whatsoever.
- 4.6 Consideration: For each Fiscal Year or portion thereof during the term of this Agreement, Lease Payments and Additional Lease Payments shall constitute the total Lease Payments for such Fiscal Year or portion thereof and shall be paid by the Lessee for and in consideration of the right of use and possession, and the continued quiet use and enjoyment, of the Equipment by the Lessee for and during such Fiscal Year or portion thereof. The parties hereto have agreed and determined that such Lease Payments are not in excess of the total fair rental value of the Equipment. In making such determination, consideration has been given to the costs of acquiring and financing the Equipment, the uses and purposes served by the Equipment, and the benefits there from that will accrue to the parties by reason of this Agreement and to the general public by reason of the Lessee's use of the Equipment.
- 4.7 Budget: The Lessee hereby covenants to take such action as may be necessary to include all Lease Payments and Additional Lease Payments due hereunder in its annual budget and to make the necessary annual appropriations for all such Lease Payments and Additional Lease Payments, subject to Section 4.8 hereof. The covenants on the part of the Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the Lessee to carry out and perform the covenants and agreements on the part of the Lessee contained in this Agreement. The obligation of the Lessee to make Lease Payments or Additional Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to make Lease Payments or Additional Lease Payments does not constitute an indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction
- 4.8 Abatement: The Lessee's obligations to make payments under this Agreement shall be subject to abatement in accordance with this Section 4.8 during any period in which, by



reason of material damage, destruction, or condemnation, there is substantial interference with the use and right of possession by the Lessee of such item of Equipment. The amount of Lease Payment abatement shall be such that the resulting Lease Payments in any Fiscal Year during which such interference continues do not exceed the fair rental value of the portions of the Equipment as to which such damage, destruction, or condemnation does not substantially interfere with the use and right of possession of the Lessee, as evidenced by a certificate of a City Representative. Such abatement shall continue for the period commencing with the date of such damage, destruction, or condemnation and ending with the restoration of such item of Equipment to useable condition. In the event of such damage, destruction, or condemnation, this Agreement shall continue in full force and effect.

4.9 Events of Default by the Lessor: Any of the following events which shall occur shall constitute an Event of Default by the Lessor under this Agreement:

- a. Should the Lessor fail to pay the entire principal payment to the Vendor by the Vendor Payment Date specified in any Appendix after receiving all documents identified in Section 5.5 in a timely manner, and such late payment is attributable solely to the failure of Lessor to fund in a timely manner (and not due to any deficiency in the documentation provided pursuant to Section 5.5 or any failure of Lessee to provide all necessary information for Lessor to process such payment), within three (3) business days after the Lessor's receipt of all documentation, or failure of the Lessor to perform any of the obligations, covenants, terms and provisions contained or referred to in this Agreement, which nonpayment or failure to perform is not cured within twenty (20) calendar days of the receipt of written notice (certified mail, return receipt requested) thereof from the Lessee to the Lessor.
- b. Any warranty, representation, or statement of the Lessor contained in this Agreement which proves to have been false in any material respect when made or furnished.

4.10 Events of Default by Lessee: Any of the following events which shall occur shall constitute an Event of Default by the Lessee under this Agreement:

- a. Subject to the provisions of Section 4.8 hereof, the nonpayment by the Lessee of any payment required hereunder, or failure of the Lessee to perform any of the obligations, covenants, terms and provisions contained or referred to in this Agreement, which nonpayment or failure to perform is not cured within fifteen (15) calendar days of the receipt of written notice (certified mail, return receipt requested) thereof from the Lessor to the Lessee; provided, however, that the termination as described in Article 7 shall not constitute an Event of Default hereunder and shall not give rise to any of the remedies hereinafter authorized.
- b. Any warranty, representation, or statement of the Lessee contained in this Agreement which proves to have been false in any material respect when made or furnished.

- c. Dissolution, termination of existence, discontinuance of its business, insolvency, business failure, or appointment of a receiver of any part of the property of or assignment for the benefit of creditors by Lessee or the commencement of any proceedings under any bankruptcy whether voluntary or involuntary, reorganization or arrangement laws by or against Lessee.
- d. Failure by Lessee to maintain insurance as required by Section 5.6.
- e. Lessor may require Lessee to pay (and Lessee agrees that it shall pay) all out-of-pocket costs and expenses incurred by Lessor as a result (directly or indirectly) of the Event of Default and/or of Lessor's actions under this section, including, without limitation, any attorney fees, and expenses and any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of any Equipment.
- f. Failure by Lessee to comply with Section 5.9 of this Agreement.

4.11 Remedies of the Lessor: Upon the occurrence of an Event of Default by the Lessee, the Lessor may, at its option, take any one or more of the following actions:

- a. Collect each installment of Lease Payments and Additional Lease Payments as it becomes due and payable hereunder.
- b. Collect on a pro-rata basis from the Lessee payment of late charges accrued at the rate of one percent (1%) per month on the outstanding principal balance, in the event of a default by the Lessee as provided in Section 4.10.
- c. Repossess the Equipment without being subject to any action for trespass, conversion, or the recovery from the Lessor of any sums previously received in this Agreement.
- d. Retain prior payments and sell or lease the Equipment through public or private transaction after giving the Lessee reasonable notice with or without having the Equipment at any such sale or leasing. The Lessor may purchase all or part of the Equipment as a result of such transactions. The proceeds of any sale or leasing will be applied to the payment of the unpaid balance of the Lessee's obligations under this Agreement. The Lessee shall remain liable for any deficiency of unpaid payment for the current Agreement Year. Any excess obtained by the Lessor at any sale or leasing of the Equipment over the amounts owed by the Lessee for the remainder of the Agreement shall be paid to the Lessee or to such other persons as is prescribed by law.
- e. By action pursuant to the California Code of Civil Procedure, or as otherwise provided by law, for the issuance of writ of mandamus enforcing, for the entire balance of the term hereof, the duty of the Lessee to appropriate and take all other administrative steps necessary for the making of Lease Payments, Additional Lease Payments and other amounts due hereunder.

- f. Take any other remedy available at law or in equity with respect to such Event of Default.
- g. Terminate the Agreement with respect to future financing.

4.11.1 Lessor's attempt to exercise any of the remedies herein entitles the Lessee to prepay, without notice, as provided in Section 7.2 herein, notwithstanding any provision to the contrary.

4.12 Remedies of the Lessee: Upon the occurrence of an Event of Default by the Lessor, the Lessee may, at its option, take any one or more of the following actions:

- a. Should the Lessor fail to pay the entire principal payment to the Vendor by the Vendor Payment Date specified in any Appendix after receiving all documents identified in Section 5.5 in a timely manner, and such late payment is attributable solely to the failure of Lessor to fund in a timely manner (and not due to any deficiency in the documentation provided pursuant to Section 5.5 or any failure of Lessee to provide all necessary information for Lessor to process such payment), within three (3) business days after the Lessor's receipt of all documentation, Lessor agrees that it shall reimburse Lessee for any late charges associated with such late payment upon presentation by Lessee of satisfactory evidence of payment of such late charge.
- b. Institute all remedies available to the Lessee as available at law or in equity with respect to such Event of Default.
- c. Terminate this Agreement with respect to future financings provided that all existing Appendices shall remain in effect.
- d. Upon the Lessee's exercise of any of the remedies herein, the Lessee shall not exercise any further remedy against the Lessor.

#### ARTICLE 5: RESPONSIBILITIES OF LESSEE

- 5.1 Care and Use of Equipment: At its own expense, the Lessee shall obtain remedial and preventive maintenance, in accordance with the Lessee's maintenance policies and procedures, to keep the Equipment in good operating condition.
- 5.2 Inspection: Subject to security regulations and upon not less than two (2) Business Days prior notice, the Lessee will allow the Lessor to enter the premises where the Equipment is located during normal business hours for the purposes of inspecting the Equipment and observing whether the Lessee is in compliance with its responsibilities.
- 5.3 Taxes: In the event that the Equipment or any portion thereof shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the Lessee shall, during the term of this Agreement, pay the amount of all such

taxes, assessments, and governmental charges then due, as Additional Lease Payments, as described in Section 4.5 (b) (i) herein. At the expense and in the name of the Lessee, the Lessee may in good faith contest any such taxes, assessments, and other charges in any reasonable manner which does not, in the opinion of independent counsel, adversely affect the right, title, and interest of the Lessor in and to any item of the Equipment or its rights or interest under this Lease or subject any portion of any item of Equipment to loss or forfeiture, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest or any appeal therefrom.

5.4 Permits and Licenses: The Lessee shall provide all permits and licenses necessary for use of the Equipment. Registration and titling of all vehicles shall be at the Lessee's expense. The Lessee shall comply with all laws, rules, regulations, and ordinances applicable to the use of the Equipment. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Equipment, such changes or additions shall be made by the Lessee at its own expense.

5.5 Delivery of Related Documents:

- a. For each item of Equipment, the Lessee shall provide the Lessor with a completed Pre-approval Request, substantially in the form attached hereto. Prior to the date the Equipment is ordered by the Lessee from the Equipment Vendor, the Lessor has the right to approve or disapprove the Pre-approval Request based only on the nature of the acquisition. Provided, however, if the nature of the acquisition indicated in the Pre-approval Request changes materially after the Lessor has agreed to provide financing, the Lessor is not bound by the Pre-approval Request.
- b. For each item of Equipment [and Refinancing Lease], the Lessee shall provide an Appendix at least two (2) Business Days prior to the Vendor Payment Date, in substantially the form shown in Attachment A, attached hereto and by this reference incorporated herein, including:
  - 1) A copy of the Equipment Vendor invoice [or pay off letters on refunding lease, as applicable].
  - 2) Evidence of the Lessor's security interest (completed Form UCC-1) as of the Vendor Payment Date, provided that such statements shall not impose liabilities and/or responsibilities inconsistent with this Agreement.
  - 3) Original IRS Form 8038-G or 8038-GC; original to be filed by the Lessor with the Internal Revenue Service.
  - 4) A copy of the Manufacturer's Certificate of Origin, if applicable.
  - 5) A copy of the Application for Vehicle Registration, if applicable, stating the Lessor as lien holder. For transactions involving titled vehicles, Lessor will be listed as First Lien-holder on each original Title and LESSOR will hold the original title(s) for the term of the related Appendix.

- 6) Certificate of Counsel.
  - 7) A copy of the Lessee's resolution or ordinance, where applicable and when specifically requested by the Lessor.
  - 8) Insurance certificates as referenced in Section 5.6
- d. For each item of Equipment, the Lessee shall provide upon written request of the Lessor:
- 1) The Lessee's maintenance agreement on the Equipment, if applicable.
  - 2) Such other documents at the time of execution as the parties reasonably believe necessary to protect their interests in this Agreement and in the Equipment, provided that no such document may impose liabilities and/or responsibilities on the Lessor or the Lessee inconsistent with this Agreement and no such document is deemed to be incorporated into, nor to amend nor to alter the terms of this Agreement.
- e. Upon each draw, the Lessee shall provide a Certificate of Counsel substantially in the form of Attachment B, attached hereto and by this reference incorporated herein.
- f. Upon settlement of the Agreement and thereafter as changes occur, the Lessee will provide a listing of authorized City Representatives to the Lessor.

5.6 **Risk of Loss:** The Lessee shall obtain and maintain for the Agreement Term, at the expense of the Lessee and from reputable commercial insurers, rental interruption insurance, property damage and liability insurance (excess of the City's self-insured retention of five million dollars (\$5,000,000) for Public Liability), and insurance against loss or damage to the Equipment, including loss by fire, theft, collision and such other risks of loss as are customarily insured against on the type of Equipment purchased hereunder and by the business in which the Lessee is engaged. Provided, however, that the amount of insurance against loss or damage to the Equipment shall not be less than the lesser of the full replacement value of the Equipment or the sum of the Lease Payments then remaining unpaid under the Agreement and the amount of rental interruption insurance shall cover lease payments for not less than twelve (12) months.

At the Lessor's request, the Lessee shall furnish to the Lessor a certificate of insurance or other evidence satisfactory to the Lessor that such insurance is in effect and Lessor will require the following:

- a. that the insurer give Lessor at least thirty (30) days prior written notice of any cancellation of its policy;
- b. that Lessor's interests remain insured regardless of any act, error, misrepresentation, omission or neglect of the City; and

- c. that the insurance maintained by the City shall be primary without any right of contribution from insurance which may be maintained by Lessor. The Lessee further agrees to give the Lessor prompt notice of any substantial damage to, or loss of, the Equipment or any part thereof.
- 5.6.1 The Lessee shall repair, replace, or make the applicable Pre-payment for, within twelve (12) months any item of Equipment which is destroyed or damaged to such an extent that there is substantial interference with the use and right of possession by the Lessee of that item which would result in an abatement of Lease Payments or any item thereof pursuant to Section 4.8 hereof, whether or not there are sufficient insurance proceeds to pay for such repair or replacement. However, the Lessee shall not be required to repair or replace any such item of Equipment pursuant to this Section 5.6 if there shall be applied to the Pre-payment of Lease Payments insurance proceeds or other legally available funds sufficient to prepay all of the principal portion of the remaining Lease Payments for such item of Equipment as set forth in Section 7.2 hereof. The Lessee shall name the Lessor, its successors and assigns, as additional insured and loss payee under any policy obtained pursuant to this Section 5.6.
- 5.7 Application of Funds: All funds authorized or appropriated for payments under this Agreement shall be applied by the Lessee to such payment requirements.
- 5.8 Tax Matters: In order to maintain the exclusion from gross income for Federal income tax purposes of the interest component of each Lease Payment due under this Agreement, the Lessee covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended. This covenant shall survive the payment or Pre-payment of all Lease Payments hereunder.
- 5.8.1 If the Lessor either (i) receives notice, in any form, from the Internal Revenue Service; or (ii) reasonably determines, based on an opinion of independent tax counsel that the Lessor may not exclude all interest from Federal gross income as the result of any act or omission by the Lessee or a breach of any representation or covenant contained in this Agreement or any schedule, then the Lessee shall pay to the Lessor within thirty (30) days after the Lessor notifies the Lessee of such determination, an amount which after deduction of all taxes required to be paid by the Lessor in respect of the receipt of any amount pursuant to this sentence under the laws of any federal, state or local government or taxing authority of the United States (i.e. on an after tax basis), shall be equal to the sum of all penalties, fines, interest, and additions to tax (including taxes imposed on the interest component of all Lease Payments due through the date of such event) that are imposed on the Lessor as a result of the loss of the exclusion. Additionally, the Lessee agrees that upon the occurrence of such an event, the Lessee shall pay Additional Lease Payments to the Lessor on each succeeding Lease Payment Date in such amount(s) as will maintain the Lessor's after-tax yield(s) and after tax cash flows for the transaction(s) evidenced by the schedules attached to this Agreement as

determined by the Lessor based on an applicable tax-equivalent conversion rate.

- 5.8.2 This Agreement and the rights of the Lessee in the Equipment may not be sold, leased, pledged, assigned or otherwise encumbered by the Lessee for any reason. Such restriction shall not preclude the Lessee from permitting the use of the Equipment by others for public purposes or in furtherance of any governmental or proprietary functions of the Lessee, provided such use does not impair the exclusion of the interest component from gross income for federal income tax purposes.
- 5.8.3 Taxable Appendix: The City and Lessor understand that in certain circumstances the intended use of Equipment under an Appendix by the City may be such that the interest component of Lease Payments under said Appendix does not qualify for exemption from federal income tax. In such an event the Equipment Lease Rate for said Appendix shall be multiplied by \_\_\_\_ in computing the Lease Payments for said Appendix and Sections 5.8.1 and 5.8.2 of the Lease shall not be applicable with respect to said Appendix. In addition, Schedule 4 to said Appendix shall have the following language inserted at the end of the second paragraph of said Schedule: “**This Appendix is a taxable Appendix.** The Equipment Lease Rate shall be further adjusted by multiplying said Equipment Lease Rate by \_\_\_\_\_. Sections 5.8.1 and 5.8.2 of the Lease shall not be applicable with respect to this Appendix.”
- 5.9 Record Keeping: Lessee has kept, and throughout the Agreement Term of any Appendix shall keep, its books and records in accordance with generally accepted accounting principles and practices consistently applied as such principles are required to be applied to government agencies by government accounting standards applicable to the Lessee, and shall deliver to the Lessor audited financial statements for the City’s Fiscal Year not more than 285 days after the end of each of the City’s Fiscal Years which currently ends June 30th.

## ARTICLE 6: EQUIPMENT

- 6.1 Title: Except as otherwise provided in Section 7.3 hereof, title to Equipment in an Appendix shall pass to the Lessee at the time the Equipment is deemed acceptable by City staff for payment following inspection, installation, and /or testing of the Equipment. Title will, at the Lessor’s option, revert to the Lessor upon termination as the result of the occurrence of Event of Default by the Lessee pursuant to Sections 4.10(a), 4.10(b), or 4.10(c), and to the extent permitted by applicable law, the Lessee will indemnify the Lessor from and against any liability arising out of retaining the title to the equipment.
- 6.2 Security Interest: The Lessee grants to the Lessor and the Lessor retains a security interest in the Equipment. The Lessee will not change or remove any insignia or lettering which the Lessor may place on the Equipment to indicate its interest therein until all Lease Payments are made. Until all Lease Payments are made or Pre-payment is complete, the Lessee shall keep the Equipment and any additions, attachments or alterations thereto, free from any lien, encumbrance or legal process which would conflict

with this security interest created pursuant to this Agreement. The Lessor shall release its security interest when all Lease Payments are made or Pre-payment is completed.

- 6.3 Filing: Subject to the provisions of Section 5.5 (b) (ii) hereof, the Lessee authorizes the Lessor to make the Lessor's security interest a matter of public record by filings of any standard documents necessary for that purpose. The Lessee agrees to sign or execute such documents to evidence its consent to the filing. The Lessee will provide sixty (60) calendar days written notice to the Lessor that Equipment is being relocated to insure that the Lessor may perfect additional filings as necessary.

When all payments are made or Pre-payment is complete, the Lessor shall make the release of its security interest a matter of public record by filing a UCC, signed release of title where applicable, and/or any and all documents necessary.

- 6.4 Personal Property: The Equipment shall remain personal property of the Lessee and shall not be deemed to have become real property regardless of the manner in which it is affixed to real property.

- 6.5 Alterations, Additions & Attachments: The Lessor hereby agrees to allow the Lessee to add and attach to the Equipment such additional equipment, facilities or fixtures as the Lessee may subsequently acquire (exclusive of repair, service or replacement parts, which do not constitute new equipment, etc.), notwithstanding the form of financing that the Lessee might use. Such additional equipment facilities or fixtures shall not be a part of or subject to this Agreement, unless by express written amendment. No alterations, additions and attachments will cause irreparable damage to the Equipment and will not impair the value, utility or useful life of the Equipment.

- 6.6 Removal of Alterations, Additions & Attachments: In the event title to the Equipment reverts to the Lessor, the Lessee, at its own expense, will remove all alterations, additions, and attachments and repair the Equipment as necessary so as to return the Equipment to the condition in which it was furnished, reasonable wear and tear excepted. The removal of all alterations, additions and attachments and any resultant repair will not impair the value, utility or useful life of the Equipment.

- 6.7 Return of Equipment: Upon rightful demand of the Lessor, as specified herein, for the Equipment listed in any attached Appendix, the Lessee shall use its best efforts to immediately return upon demand, but in no event later than forty five (45) days from such demand, deliver possession of the Equipment to the Lessor in good operating condition, in compliance with the Lessee's maintenance policies and procedures, normal wear and tear excepted. In such event, the Lessee will, at its own expense, deliver the Equipment to the Lessor at a location designated by the Lessor. Such location, however, shall not be more than one hundred (100) miles from the Lessee's business location. The Lessee will not be responsible for any shipment charges beyond the one hundred (100) mile limit.

- 6.8 Quiet Enjoyment: Provided that the Lessee has duly performed its obligations under this Agreement, the Lessee shall be entitled to possess and use the Equipment during the term of this Agreement without interruption by the Lessor. Any Equipment acquired under terms of this Agreement may be operated at any time at the convenience of the Lessee



(exclusive of time required for preventive maintenance, remedial maintenance, and/or approved engineering changes). There shall be no restrictions as to the consecutive hours, length of personnel shifts, etc., unless such restrictions are specifically incorporated in an Appendix. The Lessee may make Equipment available to any other users under conditions where such use is supervised by the Lessee and such Equipment is used for governmental purposes. The Lessee will be responsible for the payments of the equipment and responsible if such sublease caused the transaction to be taxable.

#### ARTICLE 7: TERMINATION

- 7.1 Termination: The Lessor and the Lessee agree that this Agreement shall remain in full force and effect for the periods set forth in each Appendix.
- 7.2 Pre-payment Provisions: The Lessee shall have the right to prepay without penalty the amounts due under an Appendix, exercisable following twenty-four (24) months from the Vendor Payment Date related to such Appendix.

The Lessee's right hereunder shall be exercised by:

- a. The Lessee advising the Lessor, in writing, in advance of Pre-payment, of its intention to prepay its obligations hereunder and the effective date of that payment ("Pre-payment Date"); and
- b. The Lessee paying the Lessor the outstanding principal balance Pre-payment Date together with interest from the most recent Payment Date up to and including the Pre-payment Date.

Upon Pre-payment, the Lessee will pay any sums in arrears.

The Lessee may not exercise its option to prepay an amount less than required for all Equipment under an Appendix without the written consent of the Lessor. Prepayments will be executed only in the amount of \$5,000 or more of outstanding principal.

- 7.3 Lessee's Rights on Pre-payment or Payment in Full: Except as otherwise provided in Section 6.1 hereof, upon (i) the Lessee's exercise of the right of Pre-payment in accordance with the preceding subsection, or (ii) the Lessee's having satisfied all of its monetary and other obligations hereunder, the Lessor shall deliver to the Lessee all documents necessary to transfer or confirm, as the case may be, legal and beneficial title, and possession free of all liens and encumbrances created by, through, or under Lessor, to the Lessee and to evidence the termination of the Lessor's interest therein. The Equipment will be accepted by the Lessee at that time on an AS IS, WHERE IS basis and the Lessor makes no warranties or representations of any type as to the Equipment.

#### ARTICLE 8: ASSIGNMENT BY LESSOR

- 8.1 Right of Assignment: This Agreement shall be binding upon and inure to the benefit of the Lessor and the Lessee. The Lessor may assign its rights, duties and obligations under this Agreement to Lessor or Lessor. Additionally, with the prior written consent of the Lessee, not to be unreasonably withheld, the Lessor may assign its rights, duties and

obligations under this Agreement to a qualified third party. This Agreement, the Lessor's rights hereunder, or the obligations hereby described are not assignable by the Lessor except as provided in Section 8.2, or transferable except by written mutual agreement of the parties hereto.

- 8.2 Assignment by Lessor: The Lessor or any subsequent assignee shall not sell certificates of participation or other publicly offered securities based on Lease Payments by the Lessee. However, for the purpose of providing funds for financing the purchase of the Equipment, or for any other purpose, the Lessee agrees (i) that the Lessor may assign, sell, transfer or encumber all or any part of this Agreement, the Equipment and the Lease Payments hereunder, and (ii) in the event of any such assignment of Lease Payments hereunder and written notice thereof to the Lessee, to unconditionally pay directly to any such assignee all Lease Payments and other sums due or to become due under this Agreement.

THE RIGHTS OF ANY SUCH ASSIGNEE SHALL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH LESSEE MAY HAVE AGAINST THE LESSOR. BUT THE LESSEE SHALL NOT BE PRECLUDED FROM ASSERTING AGAINST ANY ASSIGNEE ANY CLAIM IT MAY HAVE AS A RESULT OF ASSIGNEE'S BREACH OF ANY OF THE OBLIGATIONS OF THE LESSOR HEREUNDER OCCURRING AFTER ANY SUCH ASSIGNMENT.

Notwithstanding any of the foregoing, any such assignment (A) shall be subject to the Lessee's right to possess and use the Equipment so long as the Lessee is not in default under this Agreement, and (B) shall not release any of the Lessor's obligations hereunder to the extent not assumed by the Assignee.

#### ARTICLE 9: WARRANTIES AND REPRESENTATIONS

- 9.1 Warranties and Representations of the Lessee: The Lessee represents and warrants to the Lessor and, so long as this Agreement is in effect or any part of the Lessee's obligations to the Lessor remain unfulfilled, shall continue to warrant at all times, that:
- a. The Lessee is duly organized and validly existing and has the power and authority to enter into the Transaction Documents to which it is a party and to carry out the terms thereof.
  - b. This Agreement and all other Transaction Documents and the performance of the Lessee's obligations thereunder have been duly and validly authorized and approved under all laws and regulations and procedures applicable to the Lessee, the consent of all necessary persons or bodies has been obtained and all of the Transaction Documents executed by the Lessee have been duly and validly executed and delivered by authorized City Representative(s) and constitute absolute and unconditional legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms.
  - c. The leasing of the Equipment will serve a function which presently is, and is anticipated to continue to be, essential to the proper, efficient and economic operation of the Lessee.

- d. During the term of this Agreement, the Equipment will at all times be used by the Lessee and its agents, and will not be used by a nongovernmental person or entity other than the general public on an equal basis.
- e. There is no litigation or proceeding pending or threatened against the Lessee or any other person affecting the right of the Lessee to execute this Agreement or the ability of the Lessee to make the Lease Payments required hereunder or to otherwise comply with the obligations contained herein.

9.2 Warranties and Representations of the Lessor: The Lessor represents and warrants to the Lessee and, so long as this Agreement is in effect or any part of the Lessor's obligations to the Lessee remain unfulfilled, shall continue to warrant at all times that:

- a. The Lessor is a National Banking Association, corporation or other entity in good standing and has the power and authority to enter into the Transaction Documents to which it is a party and to carry out the terms thereof.
- b. The Transaction Documents executed by the Lessor have been duly authorized, approved, executed and delivered by its authorized representatives and constitute legal, valid and binding obligations of the Lessor enforceable against the Lessor in accordance with their respective terms.
- c. The Lessor shall not pledge or assign the revenues or any of its other rights under this Agreement except for any assignment pursuant to this Agreement as stated under Section 8.2; and the Lessor shall not mortgage or otherwise encumber the Equipment.
- d. To the knowledge of the Lessor, there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Agreement or to comply with its obligations under this Agreement. The execution and delivery of this Agreement by the Lessor, and compliance by the Lessor with its obligations under this Agreement, will not require the approval of any regulatory body, any parent company, or any other entity, from which approval has not yet been obtained.

## ARTICLE 10: GENERAL

10.1 Conflict of Interest: Lessor is subject to all federal, state and local conflict of interest laws, regulations and policies applicable to public agreements and procurement practices, including but not limited to California Government Code sections 1090, et. seq. and 81000, et. seq., the City of San Diego Ethics Ordinance, codified in the San Diego Municipal Code at Section 27.3501 to 27.3595. The City may determine that a conflict of interest code requires the Lessor to complete one or more statements of economic interest disclosing relevant financial interests. Upon City's request, Lessor shall submit the necessary documents to the City.

- 10.2 Governing Law: This Agreement and all Transaction Documents shall be deemed to be made under, and shall be construed in accordance with and governed by the laws of the State of California without regard to the conflicts or choice of law provisions thereof.
- 10.3 Legal Requirements: Federal, state, county and local laws, ordinance, rules and regulations that in any manner affect the goods or services covered herein apply. Lack of knowledge by the Lessor will in no way be a cause for relief from responsibility. Any acts or omissions of Lessor in violation of federal, state, or municipal law, City Charter, City Policies or regulations (regarding anti-competitive practices, unfair trade practices, collusion, gratuities, kickbacks, contingent fees, contemporaneous employment, or similar violations creating an unfair influence on the public solicitation and award process pertaining to this Agreement) shall void this Agreement. In addition to all other remedies or damages allowed by law, Lessor is liable to City for all damages arising out of the violation of any applicable law, including costs for substitute performance, and is subject to Suspension and Debarment as defined in the RFP.
- 10.4 Drug-Free Workplace: The Lessor agrees to comply with the City's Drug-Free Workplace requirements set forth in Council Policy 100-17, adopted by San Diego Resolution R-277952 and incorporated into this Agreement by this reference. The City expressly waives the posting requirement specified in subdivision (3) of Council Policy 100-17.
- 10.5 Notices: Notices under this Agreement shall be in writing, shall reference the Contract Number, and shall be considered effective upon personal delivery to the individuals listed below or five (5) calendar days after deposit in any U.S. mailbox, first class and addressed to the other party as follows:
- The City of San Diego  
Attn.: EVFP Coordinator  
Debt Management Department  
202 C Street, MS 7B  
San Diego, CA 92101-4195
- With a Copy To:
- The City of San Diego:  
Purchasing Agent  
Purchasing & Accounting Department  
1200 Third Avenue, Suite 200
- 10.6 Federal, State and Local Reporting Compliance: The Lessor shall provide such financial and program information as required by the City of San Diego to comply with all Federal, State and local law reporting requirements.
- 10.7 Nondiscrimination

- 10.7.1 Nondiscrimination in Employment: The Lessor shall comply with the City's Equal Opportunity Contracting Program. The Lessor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. The Lessor shall provide equal opportunity in all employment practices. The Lessor shall ensure that its Subcontractors comply with the City's Equal Opportunity Contracting Program Contractor Requirements. Nothing in this Section shall be interpreted to hold the Lessor liable for any discriminatory practice of its Subcontractors
- 10.7.2 Nondiscrimination in Contracting: The Lessor shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of Subcontractors, Contractors or suppliers. The Lessor shall provide equal opportunity for Subcontractors to participate in sub contracting opportunities. The Lessor understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in contract termination, debarment, and other sanctions. This language shall be in contracts between the Lessor and any Subcontractors, Lessors and suppliers.
- 10.7.3 Contract Disclosure Requirements: Upon the City's request, the Lessor agrees to provide to the City, within sixty (60) calendar days, a truthful and complete list of the names of all Subcontractors, Contractors, and suppliers that the Lessor has used in the past five (5) years on any of its agreements that were undertaken within San Diego County, including the total dollar amount paid by the Lessor for each sub contract or supply agreement. The Lessor further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's Nondiscrimination in Contracting Ordinance [San Diego Municipal Code sections 22.3501-22.3517]. The Lessor understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in remedies being ordered against the Lessor up to and including agreement termination, debarment, and other sanctions.
- 10.7.4 Substantial Compliance: Notwithstanding the specific requirements under section 10.7 of this Agreement, the City acknowledges that Lessor's nondiscrimination policies substantially comply with the City's requirements and are in conformance therewith.
- 10.8 Project Personnel: Key personnel identified in Lessor's response to the Request For Proposal shall be the individuals who will actually complete the work, at the proposed levels of effort. If a key team member needs to be changed for any reason, the Lessor shall find a suitable replacement and notify Lessee of such change.
- 10.9 Gratuities. This Agreement may be terminated by written notice if the Purchasing Agent determines that the Lessor, its agent, or another representative:
- a. Offered or gave a gratuity (e.g. an entertainment or gift) to an officer, or employee of the City of San Diego; and

- b. Intended, by the gratuity, to obtain an agreement or favorable treatment under an agreement.

If this Agreement is terminated under the first paragraph above, The City is entitled to pursue breach of contract remedies and all other remedies available at law.

- 10.10 Insolvency: In the event the Lessor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Lessor agrees to furnish, by certified mail or electronic commerce method authorized by this Agreement, written notification of the bankruptcy to the Purchasing Agent responsible for administering the Agreement. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of the City of San Diego contract numbers and Agreement offices for all the City of San Diego agreements against which final payment has not been made. This obligation remains in effect until final payment under this Agreement.
- 10.11 Dispute Resolution: If a dispute arises out of or relates to this Agreement and if said dispute cannot be settled through normal contract negotiations, the Lessor and the City must first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of the American Arbitration Association or any other neutral organization agreed upon before having recourse in a court of law.
  - 10.11.1 Selection of Mediator. A single mediator that is acceptable to both parties shall be used to mediate the claim. The mediator will be knowledgeable in the subject matter of this Agreement, if possible, and chosen from lists furnished by the American Arbitration Association or any other agreed upon mediator.
  - 10.11.2 Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.
  - 10.11.3 Conduct of Mediation Sessions. Mediation hearings will be conducted in an informal manner and discovery will not be allowed. The discussions, statements, writings and admissions will be confidential to the proceedings (pursuant to California Evidence Code Sections 1115 through 1128) and will not be used for any other purpose unless otherwise agreed by the parties in writing. The parties may agree to exchange any information they deem necessary. Both parties shall have a representative attend the mediation who is authorized to settle the dispute, though the City's recommendation of settlement may be subject to the approval of the Mayor and City Council. Either party may have attorneys, witnesses or experts present.
  - 10.11.4 Mediation Results. Any resultant agreements from mediation shall be documented in writing. The results of the mediation shall not be final or binding unless otherwise agreed to in writing by the parties. Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

- 10.12 Licenses and Permits: Lessor shall, without additional expense to the City of San Diego, be responsible for obtaining any necessary licenses, permits, certifications, accreditations, fees and approvals for complying with any federal, state, county, municipal, and other laws, codes, and regulations applicable to the performance of the work or to the products or services to be provided under this Agreement including, but not limited to, any laws or regulations requiring the use of licensed contractors to perform parts of the work.
- 10.13 Taxes: The City will furnish Exemption Certificates for Federal Excise Tax. The City is liable for State, City, and County Sales Taxes. Do not include this tax in the Amount proposed in the RFP; it will be added to the net amount invoiced. All or any portion of the City Sales Tax returned to the City will be considered in the evaluation of Proposals defined in the RFP.
- I.R.S. regulations require the City to have the correct name, address, and Taxpayer Identification Number (TIN) or Social Security Number (SSN) on file for businesses or persons who provide services or products to the City. This information is necessary to complete Form 1099 at the end of each tax year.
- In order to comply with I.R.S. regulations, the City requires each Lessor to provide a Form W-9 prior to Award of Agreement as defined in the RFP. Failure to provide a completed Form W-9 within ten (10) business days of the City's request may result in a Proposal being declared non-responsive and rejected.
- 10.14 Publicity Releases: All publicity releases or releases of reports, papers, articles, maps, or other documents in any way concerning this Agreement or the work, hereunder, which the Lessor or any of its subcontractors desires to make for purposes of publication in whole or in part, shall be subject to approval by the Purchasing Agent prior to release.
- 10.15 Pending Legal Dispute: If the Lessor is currently involved in litigation with the City or any of the Agencies identified in the RFP, the Lessor must identify the title of the litigation, the Court(s) where the litigation is pending, and the case number(s), along with a brief description(s) of the nature of the dispute(s).
- 10.16 Time of Essence: Time is of the essence for each provision of this Agreement unless specified otherwise.
- 10.17 Americans with Disabilities Act Certification: The Lessor hereby certifies that it agrees to comply with the City's Americans with Disabilities Act Compliance/City Contracts requirements set forth in Council Policy 100-04, adopted by San Diego Resolution R-282153 and incorporated into this Agreement by this reference. The City expressly waives the posting requirement specified in subdivision 3 of Section 2.A. of Council Policy 100-04.
- 10.18 Debarment Proceedings: Lessor misconduct may be punishable by suspension or debarment in accordance with San Diego Municipal Code Sections 22.0801, *et seq.*
- 10.19 Product Endorsements: Lessor is prohibited from indicating, either directly or by implication, that the City has endorsed its goods or services without prior written authorization by the City.

- 10.20 Severability: The unenforceability, invalidity, or illegality of any provision of the Transaction Documents shall not render any other provision unenforceable, invalid, or illegal.
- 10.21 No Waiver: No failure of either the City or the Lessor to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect without regard to any existing or subsequent breach.
- 10.22 Covenants and Conditions: All provisions in this Agreement expressed as either covenants or conditions on the part of the City or Lessor, shall be deemed to be both covenants and conditions.
- 10.23 Headings: All article headings are for convenience only and shall not affect the interpretation of the Agreement.
- 10.24 Independent Contractors: The Lessor and any subcontractors employed by the Lessor shall be independent contractors and not agents of the City. Any provisions in this Agreement that may appear to give the City any right to direct the Lessor concerning the details of performance, or to exercise any control over such performance, shall mean only that the Lessor shall follow the direction of the City concerning the end results of the performance.
- 10.25 Successors in Interest: This Agreement and all rights and obligations created by this Agreement shall be in force and effect whether or not any parties to this Agreement have been succeeded by another entity, and all rights and obligations created by this Agreement shall be vested and binding on any party's successor in interest.
- 10.26 Business Tax License: Any company doing business with the City of San Diego is required to comply with Section 31.0301 of the San Diego Municipal Code regarding Business Tax.
- 10.27 Compliance with Controlling Law: The Lessor shall comply with all laws, ordinances, regulations, and policies of the federal, state, and local governments applicable to this Agreement. In addition, the Lessor shall comply immediately with all directives issued by the City or its authorized representatives under authority of any laws, statutes, ordinances, rules, or regulations.
- 10.28 Equal Benefits: Effective January 1, 2011, any agreement awarded from the RFP is subject to the City of San Diego's Equal Benefits Ordinance (the "EBO"), Chapter 2, Article 2, Division 43 of the San Diego Municipal Code.

In accordance with the EBO, Lessor must certify they will provide and maintain equal benefits as defined in SDMC §22.4302 for the duration of this Agreement. Failure to maintain equal benefits is a material breach of this Agreement. The City expressly waives the posting requirement specified in section 22.4304(b) of the EBO.



Lessor also must give the City access to documents and records sufficient for the City to verify the Lessor and any contractors are providing equal benefits and otherwise complying with EBO requirements.

- 10.29 Implementation: This Agreement shall be implemented by its execution or execution of Appendices hereto. Each Appendix incorporates all terms and conditions of this Agreement. For purposes of construing a transaction an integrated agreement the following shall be considered a single transaction or legal binding agreement:
- a. The Agreement, which provide basic terms and conditions.
  - b. An executed Appendix, which provides for the description of the Equipment to be purchased, the payments from the Lessee to the Lessor for the purchase of such equipment, and the Pre-payment amounts.
- 10.30 Amendment: Neither this Agreement nor any of the Transaction Documents may be amended unless the same be in writing and signed by the parties hereto.
- 10.31 Contractual Records: All contractual books, records, and other documents related to matters under this Agreement shall be made available by the Lessor to the Lessee and its designated agents for a period of five (5) years after final payment for purposes of audit and examination.
- 10.32 Entire Agreement: This Agreement, the Appendices, the Attachments, and Exhibits as may be hereafter executed constitute the entire agreement between the parties hereto. All prior negotiations, representations and additional or inconsistent oral or written statements are superseded, null and void.
- 10.33 Indemnification: The Lessor and Lessee agree that neither party indemnifies the other.
- 10.34 Tax Opinion: The Lessee will receive a tax opinion from a qualified tax counsel regarding the tax exempt status of an Appendix funding amount greater than \$10,000,000.

#### ARTICLE 11: DISCLAIMER OF WARRANTIES

- 11.1 THE LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESSED OR IMPLIED, RELATING TO THE EQUIPMENT; AND THE LESSOR HAS EXPRESSLY MADE NO WARRANTY AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT.
- 11.2 Lessor shall not be liable to the Lessee or any other person for any liability, loss or damage caused or alleged to be caused, directly or indirectly, by the Equipment or by any inadequacies thereof or deficiency or defect therein, by any incident whatsoever in connection therewith or in any way related to or arising out of this Agreement. The Lessee shall be entitled to the benefit of any applicable manufacturer's warranties. The

Lessor agrees to execute and deliver such further instruments as may be necessary, in the reasonable opinion of the Lessee, to enable it to enforce such warranties and obtain the warranties and service furnished for the Equipment by the manufacturer.

#### ARTICLE 12: LOCAL BUSINESS AND EMPLOYMENT

- 12.1 The Lessor acknowledges that the Lessee seeks to promote employment and business opportunities for local residents and firms on all Lessee agreements. The Lessor will, to the extent legally possible, solicit applications for employment, and bids and proposals for subcontractors, for work associated with this Agreement from local residents and firms as opportunities occur. The Lessor agrees to hire qualified local residents and firms whenever feasible.
- 12.2 The Lessor understands that failure to comply with the above requirements, and/or submitting false information in response to these requirements, may result in termination of this Agreement, and/or suspension from participating in future City agreements as a Lessor for a period of not less than one (1) year. For additional or subsequent violation, the period of suspension may be extended for a period of up to three (3) years. Failure to satisfy penalties imposed pursuant to this section shall prohibit the Lessor from participating in future City agreements until all penalties have been satisfied.

#### ARTICLE 13: SAN DIEGO SPECIFIC COMMUNITY

##### REINVESTMENT PROGRAMS

- 13.1 It is the policy of the City to encourage financial institutions doing business within its boundaries to develop and implement San Diego-specific community reinvestment programs consistent with the spirit of the Community Reinvestment Act of 1977 ("CRA"), programs that promote the economic stability and growth of the City of San Diego and meet the financial needs of all of its neighborhoods and residents.

Firms projecting total annual compensation in excess of \$100,000 and whose total assets exceed \$250 million will be responsible for providing the City with information regarding any San Diego-specific reinvestment program currently in place, as well as information regarding any reinvestment activities undertaken by the firm in San Diego consistent with the spirit of the CRA. The City will make this information available to the San Diego City-County Reinvestment Task Force for compilation and analysis.

ARTICLE 14: SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF SAN DIEGO

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
Chief Financial Officer  
(Title)

Date: \_\_\_\_\_

LESSOR

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
Deputy City Attorney

APPENDIX NO.  
SCHEDULE 1  
ACCEPTANCE CERTIFICATE

[Contract No. SD-\_\_]

The City of San Diego hereby accepts for purposes of the Master Lease Agreement dated as of \_\_\_\_, 20\_\_ (the "Agreement") by and between \_\_\_\_\_ and the City of San Diego, the Equipment described below, evidencing acceptance pursuant to the Agreement. Pursuant to the Agreement, the undersigned City Representative certifies that the Equipment described below (i) has been delivered to the City and installed at \_\_\_\_; (ii) has been fully and finally accepted by the City; (iii) has been found by the City to be in good working order and (iv) has insurance coverage required by Section 5.6 of the Agreement. (All capitalized terms in this Appendix have the meanings set forth in the Agreement.)

<u>Quantity</u>	<u>Manufacturer/</u>	<u>Identification</u>	<u>or Serial No.</u>
<u>Cost</u>	<u>Seller</u>	<u>Description</u>	

**CITY OF SAN DIEGO**

By: \_\_\_\_\_

(Name)

\_\_\_\_\_

(Title)

Dated: \_\_\_\_\_

APPENDIX NO.

SCHEDULE 2

DISBURSEMENT AUTHORIZATION CERTIFICATE

[Contract No. SD-\_\_\_\_]

In accordance with the terms of the Agreement dated as of \_\_\_\_\_, 20\_\_ by and between and the City of San Diego, the City hereby submits this Disbursement Authorization Certificate to request a disbursement under the Agreement for certain Equipment shown on Schedule 1 of this Appendix. The City represents and warrants for all purposes of this Certificate that:

1. The amount of the disbursement pursuant to this Certificate is \$\_\_\_\_\_ (the "Equipment Purchase Amount" less any portion cash funded by the City). Such disbursement is to be made on or before \_\_\_\_\_ (the "Vendor Payment Date "). The sales tax will be paid by the City directly to the Equipment Vendor, at the prevailing rate, for all equipment acquired from California Equipment Vendors. The sales tax will be paid by the City directly to the State of California, at the prevailing rate, for new equipment acquired from out-of-state Equipment Vendors.
2. Payment of the disbursement requested hereby is to be made to \_\_\_\_\_ (the City or "Equipment Vendor") at the following address, pursuant to the attached vendor invoice:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(tel. no.)

\_\_\_\_\_

(FAX)

\_\_\_\_\_

3. Attached hereto is a copy of an executed UCC-1 form and Exhibit or other appropriate financing statement, in proper form for filing, evidencing the Lessor's security interest in the Equipment with respect to the disbursement under this Certificate.

**CITY OF SAN DIEGO**

By:\_\_\_\_\_

(Name)

\_\_\_\_\_

(Title)

Dated:\_\_\_\_\_

EXHIBIT

All goods, equipment, general intangibles and other property described in Attachment A, Schedule 1 attached hereto and made a part hereof, and subject to the Master Lease Agreement Dated \_\_\_\_\_, 20\_\_\_\_ between Lessee and Lessor, wherever located, together with (i) all substitutions for, and products and proceeds of any of the foregoing property, (ii) all accessions thereto, (iii) all accessories, attachments, parts, and repairs now or hereafter attached or affixed to any of the foregoing property, and (iv) if any escrow account is implemented with respect to such Master Lease Agreement, all securities, funds, moneys, deposits and other property at any time held in or subject to such escrow account.

APPENDIX NO.  
SCHEDULE 2 CONTINUED  
DISBURSEMENT AUTHORIZATION CERTIFICATE

[Contract No. SD-\_\_\_\_]

4. Lessor hereby certifies that payment in the amount of \_\_\_\_\_ was made to \_\_\_\_\_ the "Equipment Vendor" (or the City of San Diego in the case of reimbursement), on \_\_\_\_\_. Payments shall be made semi-annually to the Lessor commencing on \_\_\_\_\_ pursuant to Schedule 4 of this Appendix. Payments shall be remitted to the following address:

---

---

---

---



**LESSOR**

By:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or Print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX NO.

SCHEDULE 3

CITY REPRESENTATION CERTIFICATE

[Resolution or Ordinance No. \_\_\_\_]

The City of San Diego (the "City") represents and warrants to the Lessor that:

1. The City is a duly organized and validly existing political subdivision of the State of California.
2. The Equipment is of a size, design, capacity and manufacture selected by the City and the City has selected the Equipment of a design, type and size for the purposes for which the Equipment is intended.
3. The City's participation in the Agreement and the performance of the City's obligations thereunder have been duly authorized, approved and executed under all laws, rules, regulations, and procedures applicable to the City.
4. The City has obtained the consent of all necessary bodies and the City has the power to enter into and carry out its obligations under the Agreement.
5. The City has complied with all statutory requirements pertaining to the acquisition of the Equipment.
6. Funds have been specifically provided for Lease Payments in the City's current appropriations for the Equipment and said funds are sufficient to make the payments contemplated under the Agreement through the end of the Contract Year and future lease payments will be appropriated in accordance with Section 4.7 of the Agreement.
7. The Equipment is personal property, has a useful life greater than or equal to the term on an Appendix and will be used for essential governmental purposes.

**CITY OF SAN DIEGO**

By: \_\_\_\_\_

(Name)

\_\_\_\_\_

(Title)

Dated: \_\_\_\_\_

APPENDIX NO.

SCHEDULE 4

PAYMENT SCHEDULE CERTIFICATE

[Contract No. SD-\_\_\_\_\_]

All terms and conditions of the Master Lease Agreement dated as of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, as lessor hereunder (“the Lessor”), and the City of San Diego, California (the “Lessee”) as lessee, are hereby incorporated herein by reference as if such were fully set forth herein and Lessee reaffirms all of its representations and warranties contained in the Agreement. Lessee warrants that no Event of Default or any event which, with the passage of time or the giving of notice would constitute a default, has occurred under the Agreement.

Pursuant to the terms of the Agreement, the City requests that the lease purchase of the Equipment with respect to this Appendix in the amount of \$\_\_\_\_ be financed over a \_\_year period. Based on the Acceptance Date, the Index Rate for this financing is \_\_\_\_% and the Percentage of Index Rate is \_\_\_\_ %. Based on the Index Rate, the Equipment Lease Rate for this financing is %.

[Placeholder]- Any provisions of the Agreement to the contrary notwithstanding, Lessee hereby grants to Lessor a security interest in the Equipment (now existing or hereafter acquired) as collateral security for Lessee’s obligations under this Appendix and Appendix No. \_\_\_\_\_ (collectively, the “Obligations”). Lessor will not release its security interest in the Equipment until the Obligations are indefeasibly paid in full.

[Placeholder]- Any provisions of the Agreement to the contrary notwithstanding, prepayment of this Appendix by the Lessee shall be permitted throughout the lease term (as calculated from the lease commencement date) and the Prepayment price payable pursuant to the terms of Section 7.2 of the Agreement will be \_\_\_\_% of the principal amount outstanding, in addition to accrued interest and amount then due and owing.

The initial payment for this financing is \$\_\_\_\_, and will be due on \_\_\_\_\_, thereafter, the semi-annual payment will be \$\_\_\_\_. The schedule of lease payments for the Equipment with respect to this Appendix is as follows: [See attached Debt Service Schedule]

**CITY OF SAN DIEGO**

By:\_\_\_\_\_

(Name)

\_\_\_\_\_

(Title)

Dated:\_\_\_\_\_

## CERTIFICATE OF COUNSEL

This office is counsel to the Lessee and in that capacity we have examined Contract No. SD \_\_\_\_\_ between the City of San Diego ("Lessee") and \_\_\_\_\_ ("Lessor").

As a result of our examination of the Agreement and such other examinations as we deemed appropriate, we have advised the Lessee and hereby indicate to \_\_\_\_\_ ("Lessor") that, in our view:

1. The Lessee is a political subdivision of the State of California, duly organized, existing and operating under the Constitution and laws of the State of California and the City's home rule charter;
2. The Lessee is authorized by the Constitution and the laws of the State of California to enter into the transactions contemplated by the Agreement and to carry out its obligations thereunder;
3. The Lessee's participation in the Agreement and the performance of the Lessee's obligations thereunder have been duly authorized, approved and executed under all laws, regulations and procedures applicable to the Lessee;
4. The Agreement and all Appendices thereto have been duly authorized, approved, executed and delivered by and on behalf of the Lessee, and are legal, valid and binding contracts of the Lessee enforceable in accordance with their respective terms, except to the extent limited by state and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights;
5. No approval, consent, or withholding of objection is required from any governmental authority with respect to the entering into or performance by the Lessee of the Agreement or the transaction contemplated thereby; or if any such approval is required, it has been obtained;
6. The entering into and the performance of the Agreement will not violate any judgment, or order, applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance upon any assets of the Lessee other than the Equipment subject to the Agreement pursuant to any instrument to which the Lessee is a party or by which it or its assets may be bound;

7. This Certificate shall not be deemed to confer any authority or obligation upon the Lessee to the Lessor or Lessor's assignees other than exist under the laws of the State of California in the absence of this Certificate; and
8. To the knowledge of the Lessee, there is no litigation or proceeding pending or threatened against the Lessee or any other person affecting the right of the Lessee to execute this Agreement or the ability of the Lessee to make the Lease Payments required hereunder or to otherwise comply with the obligations contained herein.
9. Resolution/Ordinance Number \_\_\_\_\_ of the governing body of Lessee was duly and validly adopted, modified or supplemented and remains in full force and effect.
10. The Lessor, its assignees or assigns may rely on this opinion.

**CITY OF SAN DIEGO**

I hereby approve the form and legality of the foregoing Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

City Attorney

By: \_\_\_\_\_

**PRE-APPROVAL FORM**

**Date:**

**Debt Management:**

Telephone:

FAX.:

Department:

Contact:

Telephone:

**Equipment/Project Costs:**

Total Costs:

Financing Term:

Est. Acceptance Date:

Delivery in Installments YES/NO

Amount Financed:

Useful Life:

Est. Financing Date:

**Equipment/Project Description:**

Manufacturer:

Vendor:

General Description:

**Bid No./Quantity to be Ordered:**

Reference Bid #

Item#

Quantity

Unit Price \$

Ref: Equipment No(s):

**Essential Use:**

Is this new or replacement equipment  
How old is the equipment to be replaced?

Additional\_\_\_\_\_

Replacement\_\_\_\_\_

Why is the Equipment needed?

What function does the equipment perform:  
(essential use)

What are the estimated cost savings  
acquiring this equipment through lease  
purchase rather than cash purchase?

The next payment(s) is (are) included in the fiscal year's budget.

**Lease Provider (Name) agrees to provide financing as noted.**